

**SCHOOL DISTRICT OF
WARREN HILLS REGIONAL**

**Warren Hills Regional School District
Washington, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2012**

**Comprehensive Annual
Financial Report**

of the

**Warren Hills Regional School District
Board of Education**

Washington, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

**Warren Hills Regional School District
Board of Education**

WARREN HILLS REGIONAL SCHOOL DISTRICT
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INTRODUCTORY SECTION

WARREN HILLS REGIONAL SCHOOL DISTRICT

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Dr. Thomas J. Altonjy
Superintendent of Schools

Maureen Joyce
Business Administrator

www.warrenhills.org

October 15, 2012

The Honorable President and Members of
the Board of Education
Warren Hills Regional School District
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Warren Hills Regional School District (the "District") for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Warren Hills Regional School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren Hills Regional Board of Education and all its schools constitute the District's reporting entity.

The Warren Hills Regional School District provides educational services for students in grades 7 through 12 for the constituent districts of Franklin Township, Mansfield Township, Washington Borough and Washington Township, as well as 9th through 12th grade students from Oxford under a sending/receiving relationship. A full range of educational programs are provided for all students, including pre-vocational programs, as well as special education services and programs. Enrollment has now stabilized. From the demographic reports we receive from the constituent and sending districts, we can see only one spike in the enrollment forecast. No large scale housing developments are projected in the near future. What we are seeing is the sporadic construction of individual homes or small developments.

The Honorable President and Members of
the Board of Education
Warren Hills Regional School District
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The following chart details the changes in the student enrollment of the District within the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2011-2012	1,940	1.69%
2010-2011	1,907	-2.39%
2009-2010	1,955	-2.67%
2008-2009	2,009	-5.99%
2007-2008	2,020	-5.47%
2006-2007	2,137	1.33%
2005-2006	2,109	1.20%
2004-2005	2,084	-1.74%
2003-2004	2,121	2.51%
2002-2003	2,069	3.19%

2) ECONOMIC CONDITION AND OUTLOOK: During the 2011-12 school year, we were able to maintain the economic condition of the district. Taxpayers benefit by the fact that our budget can only increase by the maximum allowable percent permitted by the state. Because these increases are at or below the cost of living and state aid increases are comparable, each year we are in a position whereby we must continue to find ways to make the revenue we currently have go further. Since our major expenditures are fixed costs such as salaries and health benefits, and health benefits increases are beyond the cost of living, we are forced to reach into the budget and cut other items. These cuts typically affect our program negatively.

Over the course of past years, we have been able to develop a Capital Reserve Fund which is a safety net for the district in the event that facility failure occurs. Despite all of these concerns, we have been able to manage with the available resources and continue to offer an excellent program for our students.

3) MAJOR INITIATIVES AND ACCOMPLISHMENTS: During the 2011-2012 school year, our district conducted a total of twelve articulation meetings with our sending districts in the subjects of Language Arts Literacy/English, Mathematics, Science, Social Studies, World Languages/ESL, along with meetings regarding technology. Additionally, the Warren County Curriculum Consortium, facilitated by the Warren County Office of the New Jersey Department of Education, held monthly forums with presentations by the New Jersey Department of Education Content Standards Specialists and other representative offices. Topics included implementation of the Common Core State Standards, unpacking the standards, model curricula and exemplars, and the transition to Partnership for Assessment of Readiness for College and Careers. The WHRSD's Director of Curriculum and Instruction, along with the district's Content Specialists, attended these conferences.

One of the largest initiatives of the 2011-2012 school year was the development of the Five-Year Curriculum Plan, 2012-2017. In general, the plan states the district's policies that relate to the curriculum content, development, course adoption, course guides, and textbook adoption; describes the five phases of the curriculum development process; delineates a specific action plan; provides a Curricula Master Plan 2012-2017 by departments and by courses; and explains the tools in ALTAS and their utilization in the curriculum revision process. As a result of the plan, by June 2012, teachers, administrators, and board of education members reviewed and approved new textbooks for thirty-seven courses for the upcoming 2012-2013 school year. Most of the new materials included online editions, along with ancillary materials for teachers and students.

The Honorable President and Members of
 the Board of Education
 Warren Hills Regional School District
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With the NJ Department of Education's time line on the implementation of the Common Core State Standards across most disciplines by September 2012, one of the major initiatives this past year was the utilization of ATLAS, our curriculum mapping tool, to align the curriculum within the departments and between the middle school and high school, along with integrating best practices and 21st century technology.

Additionally, the WHRSD's Board of Education provided two full-days of professional development and seven half-days of professional development for the faculty to work on district initiatives: Common Core Literacy Standards across disciplines, the National Writing Project, ATLAS curriculum mapping, interactive white board technology, co-teaching strategies, differentiated instruction, web page design, blogging, and podcasting. Several of the presenters were in-house members who turn-keyed the training.

Several initiatives targeted specific areas: (1) Two administrators and two middle school math teachers attended the NJ Department of Education's special workshop on middle school math and best practices in order to turn-key the research-based middle school mathematics instructional strategies into the classrooms; (2) Middle school eighth grade Language Arts Literacy teachers developed a differentiated literacy program, "Support and Challenge," to utilize their double block of Language Arts Literacy for targeted needs of the students, be it specific skill sets or enrichment; (3) The high school implemented a new transitional program for freshmen, Ninth Grade Academy, in order to facilitate a smoother transition for students in the move from our middle school to our high school. This included both academic and character education support; (4) The middle school began to investigate a Seventh Grade Academy, too, in order to facilitate a smoother transition for students in the move from our sending districts to our middle school; (5) Both the middle school and the high school co-teaching partnerships, content area teachers and special education teachers, attended professional development training on inclusive practices by a renowned author and trainer on co-teaching strategies. Also, the trainer coached partnerships in their classrooms during the school year; (6) In order to assist students who are struggling in Mathematics, the middle school has continued its Math Lab and the high school is creating a Geometry Lab for the 2012-2013 school year.

As for the district's strategic planning model, we have selected the Middle States Model of *Excellence by Design*. Internal coordinators at both our middle school and our high school have been trained in the model. During the 2011-2012 school year, the monthly meetings of several stakeholders--parents, students, teachers, and administrators--have produced a new district mission statement, several belief statements, and profiles of our middle school and high school graduates, along with a survey of the school community at large regarding a needs assessment. Also, many committees have been formed to research the twelve standards involved in the Middle States process.

An analysis of the State Assessments for the 2011-2012 school year indicates Warren Hills' strongest areas as measured on the NJ ASK and the HSPA. Warren Hills Regional students scored above the State results in the Partially Proficient and the Proficient performance areas in all tested content areas and in all grade levels. Specifically, the following performance areas showed moderate to excellent improvement, along with trends forward:

-- Language Arts Literacy, Grade 7, 2011 to Grade 8, 2012

Increase of 21.3 points

-- Mathematics, Grade 7, 2011 to Grade 8, 2012

Increase of 2.1 points

-- Language Arts Literacy, Tracking Progress, 2007-2012

Increase of 27.8 points

-- Mathematics, Tracking Progress, 2007-2012

Increase of 16.6 points

The Honorable President and Members of
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October 15, 2012

In the area of technology, we continue to use the student management system, *Infinite Campus*, utilize web-pages to communicate specific assignments, resources, and study guides, and teachers have access to more interactive white boards in the classrooms.

As for the district's Advanced Placement courses, Warren Hills offers more Advanced Placement courses than any other high school in Warren County. Students continue to excel in the Advanced Placement Program as indicated by the following data on Warren Hills School Scholars:

Warren Hills Regional High School (311570) Total Scholars: 47; Average Score: 3.59

	AP Scholar	AP Scholar with Honor	AP Scholar with Distinction	National AP Scholar
Number of Scholars	27	4	16	4
Average Score	2.97	3.44	4.01	4.54

Additionally, our college bound students continue to participate in dual enrollment courses throughout the Warren County Community College. The Senior Option Program allows students with adequate credit for graduation the opportunity to pursue apprenticeships in their career choice, as well as for students to attend colleges to earn college credit while still in the high school.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2012.

The Honorable President and Members of
the Board of Education
Warren Hills Regional School District
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6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2012, the District has \$23,759,000 of outstanding bonded debt.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The School Alliance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

10) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Warren Hills Regional High School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

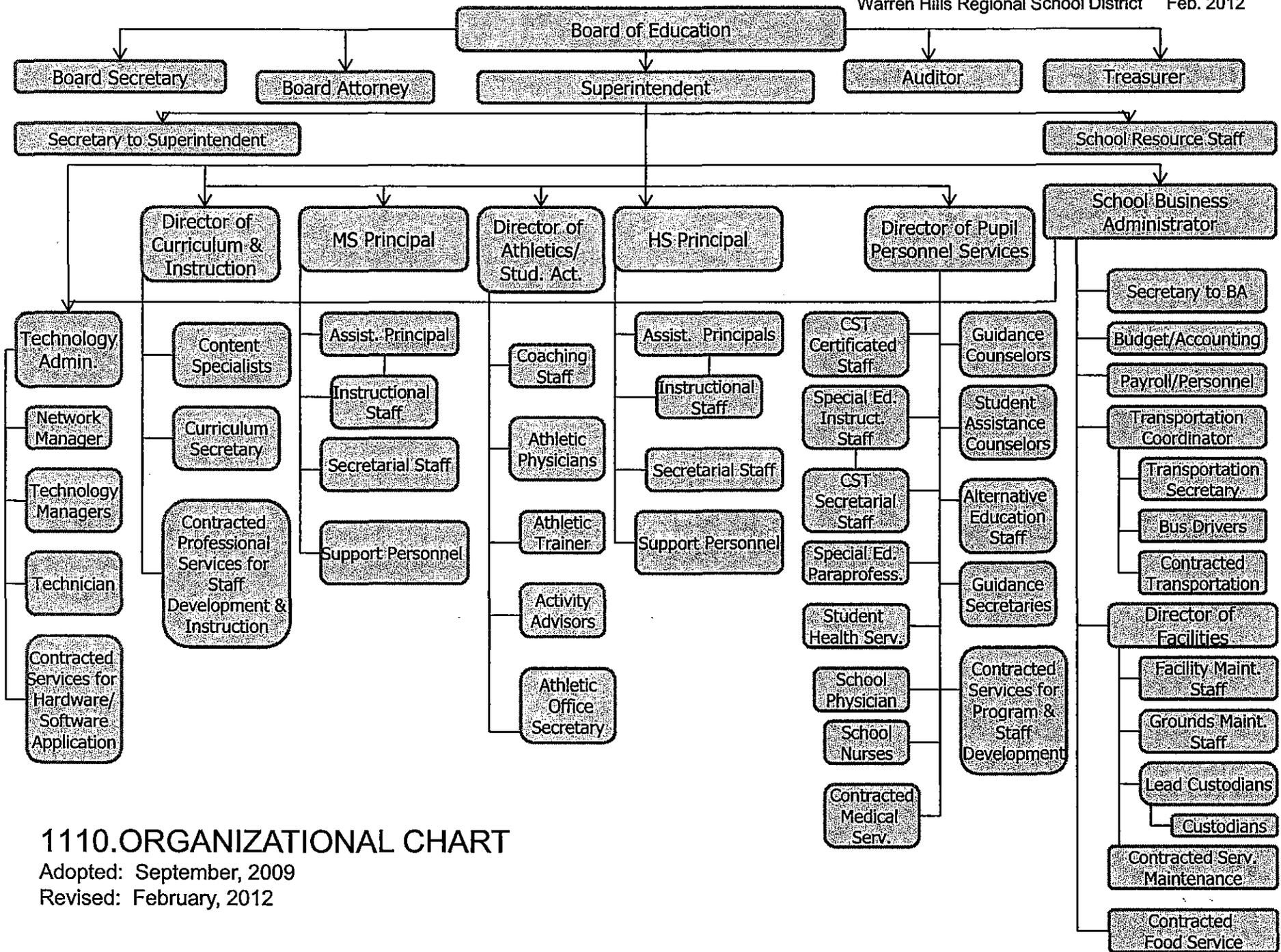
Respectfully submitted,



Dr. Thomas J. Altonjy
Superintendent



Maureen Joyce
Business Administrator/Board Secretary



1110.ORGANIZATIONAL CHART

Adopted: September, 2009

Revised: February, 2012

**WARREN HILLS REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Theresa Iacobucci, President	2013
Donna Golda, Vice President	2013
Daniel Brundage	2012
Richard Havrisko	2014
Nancy Fallen	2014
Linda J. Feller	2013
Kathleen M. Halpin	2012
James Momary	2012
Donna Sbriscia	2014

Other Officers

Dr. Thomas J Altonjy, Superintendent
 Maureen Joyce, Board Secretary/School Business Administrator
 James Miller, Treasurer

WARREN HILLS REGIONAL SCHOOL DISTRICT
Consultants and Advisors
June 30, 2012

Audit Firm

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Woodbridge, NJ 07095

Official Depositories

Wells Fargo
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Washington, NJ 07882

PNC Bank
25 West Washington Avenue
Washington, NJ 07882

The Bank of New York
Corporate Trust Department
385 Rifle Camp Road, 3rd Floor
West Paterson, NJ 07424

First National Bank of Hope
Highway 46
Great Meadows, NJ 07838

Bank of America
NJ6-210-08-01
210 Main Street, 8th Floor
Hackensack, NJ 07601

Investors Savings Bank
388 State Route 57
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FINANCIAL SECTION



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Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
County of Warren, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District in the County of Warren as of and for the fiscal year ended June 30, 2012 which collectively comprise the school district's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Warren Hills Regional School District in the County of Warren as of June 30, 2012, and the respective changes in financial position and where applicable cash flows, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012 on our consideration of the Board of Education of the Warren Hills Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Warren Hills Regional School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual non-major fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying other information such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

October 15, 2012
Mount Arlington, NJ

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)**

This section of Warren Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved significantly on a District-wide basis, with sufficient revenue from taxes, fund balance, tuition and miscellaneous revenues.
- Overall revenue was \$37.37 million.
- Enrollment in the District has been relatively steady over the last several years, but cost per pupil has been increasing, except in the current and previous fiscal years.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

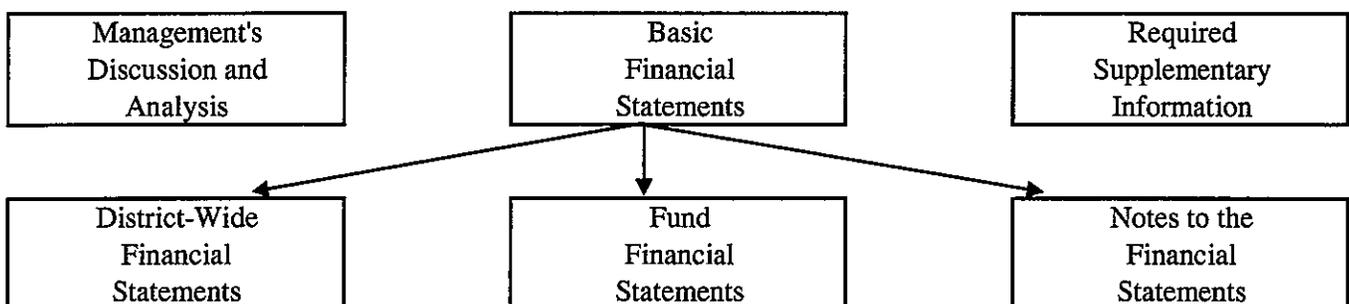


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The net assets from governmental activities increased by \$3,107,304 and the net assets from business-type activities increased by \$18,011. Total combined net assets invested in capital assets increased by \$2,417,274, restricted net assets increased by \$2,513,981, and unrestricted net assets decreased by \$1,805,940.

Figure A-3

	Condensed Statement of Net Assets						Percentage Change 2011/12
	Government Activities		Business-Type Activities		Total School District		
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Current and							
Other Assets	\$ 10,099,746	\$ 11,156,770	\$ 359,345	\$ 386,423	\$ 10,459,091	\$ 11,543,193	10.37%
Capital Assets	47,055,635	48,123,955	73,031	99,682	47,128,666	48,223,637	2.32%
Total Assets	<u>57,155,381</u>	<u>59,280,725</u>	<u>432,376</u>	<u>486,105</u>	<u>57,587,757</u>	<u>59,766,830</u>	12.69%
Long-Term Debt							
Outstanding	27,366,570	24,178,830			27,366,570	24,178,830	-11.65%
Other Liabilities	645,200	2,850,980	1,797	37,515	646,997	2,888,495	346.45%
Total Liabilities	<u>28,011,770</u>	<u>27,029,810</u>	<u>1,797</u>	<u>37,515</u>	<u>28,013,567</u>	<u>27,067,325</u>	-3.38%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	21,898,013	24,288,636	73,031	99,682	21,971,044	24,388,318	11.00%
Restricted	6,438,182	8,952,163			6,438,182	8,952,163	39.05%
Unrestricted/(Deficit)	<u>807,416</u>	<u>(989,884)</u>	<u>357,548</u>	<u>348,908</u>	<u>1,164,964</u>	<u>(640,976)</u>	155.02%
Total Net Assets	<u>\$ 29,143,611</u>	<u>\$ 32,250,915</u>	<u>\$ 430,579</u>	<u>\$ 448,590</u>	<u>\$ 29,574,190</u>	<u>\$ 32,699,505</u>	10.57%

Changes in Net Assets. The District's *combined* net assets were \$32,699,505 on June 30, 2012, \$3,125,315 or 10.57% more than they were the year before (see Figure A-4). The large increase in total combined net assets is due primarily to excess local revenue of approximately \$240,000; unexpended General Fund budget appropriations of approximately \$2,320,000, which is net of funds assigned for encumbrances; a net decrease of approximately \$57,500 in compensated absences payable; the paydown of \$1,005,000 in long-term debt during the current year; a net decrease in bonds refunded of \$2,290,000; and the reappraisal of capital assets of approximately \$480,000; offset by current year depreciation expense of approximately \$461,000; current year deletions of capital assets, net of related accumulated depreciation of approximately \$30,700; and increase in unamortized bond premium of approximately \$2,485,000 due to the current year bond refunding and capital leases payable of \$194,250.

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 238,177	\$ 225,221	\$ 353,609	\$ 368,653	\$ 591,786	\$ 593,874	0.35%
Operating Grants and Contributions	4,487,590	4,832,765	111,117	116,226	4,598,707	4,948,991	7.62%
Capital Grants and Contributions	674,683	90,323			674,683	90,323	-86.61%
General Revenue:							
Property Taxes	20,317,162	20,588,754			20,317,162	20,588,754	1.34%
State Aid	8,491,627	9,050,371			8,491,627	9,050,371	6.58%
Tuition Charges	2,055,177	1,859,394			2,055,177	1,859,394	-9.53%
Other	108,246	235,286	143	2,996	108,389	238,282	119.84%
Total Revenue	36,372,662	36,882,114	464,869	487,875	36,837,531	37,369,989	1.45%
Expenses:							
Instruction	18,347,574	18,688,743			18,347,574	18,688,743	1.86%
Pupil and Instruction Services	4,746,175	5,018,977			4,746,175	5,018,977	5.75%
Administrative and Business	3,335,096	3,323,795			3,335,096	3,323,795	-0.34%
Maintenance and Operations	3,022,276	2,803,793			3,022,276	2,803,793	-7.23%
Transportation	1,683,674	1,438,029			1,683,674	1,438,029	-14.59%
Other	1,650,964	1,440,270	467,434	509,470	2,118,398	1,949,740	-7.96%
Total Expenses	32,785,759	32,713,607	467,434	509,470	33,253,193	33,223,077	-0.09%
Special Items:							
Contribution for Bond Refunding		(1,500,000)				(1,500,000)	-100.00%
Reappraisal of Capital Assets		438,797		41,186		479,983	100.00%
Deletion of Capital Assets, Net				(1,580)		(1,580)	-100.00%
Increase in Net Assets	\$ 3,586,903	\$ 3,107,304	\$ (2,565)	\$ 18,011	\$ 3,584,338	\$ 3,125,315	-12.81%

Revenue Sources. The District's total revenue for the 2011/12 school year was \$37,369,989. (See Figure A-4). Property taxes accounted for approximately 55.09 percent of the total revenue. (See Figure A-5). Another 37.70 percent came from state formula aid and state and federal aid for specific programs and the remainder from charges for services, tuition and other miscellaneous sources.

Figure A-5

Sources of Revenue for Fiscal Year 2012

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 9,050,371	24.22%
Property Taxes	20,588,754	55.09%
Federal and State Categorical Grants	5,039,314	13.48%
Charges for Services	593,874	1.59%
Tuition	1,859,394	4.98%
Other	238,282	0.64%
	\$ 37,369,989	100.00%

The total cost of all programs and services was \$33,223,077. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.69 percent). (See Figure A-6). The District's administrative and business activities accounted for 10.00 percent of total costs. The most significant contributor to the costs of Maintenance and Operations was higher fuel costs. It is important to remember that depreciation is included in expenses for the year; expenses therefore include \$461,059 of depreciation expense.

Figure A-6

Expenses for Fiscal Year 2012

Expense Category:	Amount	Percentage
Instruction	\$ 18,688,743	56.25%
Pupil and Instruction Services	5,018,977	15.11%
Administrative and Business	3,323,795	10.00%
Maintenance and Operations	2,803,793	8.44%
Transportation	1,438,029	4.33%
Other	1,949,740	5.87%
	\$ 33,223,077	100.00%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with stable pupil enrollment and the provision of a multitude of special programs and services for disabled pupils place great demands on the District's resources. During the past three years, several veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated some salary savings, but these have been offset by the need to increase staff due to special education mandates and scheduling of classes and contracted salary increases.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented have been:

- Contracting transportation services and increasing shared services with other districts.
- Applying for and receiving SDA grant funds of over \$13 million for the referendum and the high school roof projects.
- Applying for and receiving e-rate funds to offset the cost of internet and phone services.
- Receiving School Alliance Insurance Fund Safety Award incentive resulting in decreasing insurance rates.
- Contracting special education aides and transportation through Warren County Special Services District.
- Initiating new Special Education Program in lieu of out of district placement/ transportation.
- Sharing curriculum writing costs with constituent districts.
- Consolidating administrative responsibilities to reduce salary costs.

It is crucial that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7**Net Cost of Governmental Activities**

Expense Category:	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010/11	2010/11	2011/12	2011/12
Instruction	\$ 18,347,574	\$ 14,504,979	\$ 18,688,743	\$ 14,933,352
Pupil and Instruction Services	4,746,175	4,334,538	5,018,977	4,206,874
Administrative and Business	3,335,096	3,169,073	3,323,795	3,136,694
Maintenance and Operations	3,022,276	2,347,593	2,803,793	2,641,979
Transportation	1,683,674	1,378,162	1,438,029	1,206,129
Other	1,650,964	1,650,964	1,440,270	1,440,270
	<u>\$ 32,785,759</u>	<u>\$ 27,385,309</u>	<u>\$ 32,713,607</u>	<u>\$ 27,565,298</u>

- The cost of all governmental activities this year was \$32.71 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$5.04 million).
- Slightly more than half of the District's costs (\$20.59 million) were financed by District taxpayers.
- A significant portion of governmental activities was financed with \$9.05 million in state and federal aid based on the CEIFA formula.
- The remainder of the funding came from charges for services, tuition and other (\$2.69 million).

Business-Type Activities

Net assets from the District's business-type activity increased by approximately \$18,011. (Refer to Figure A-4). The primary factors contributing to this result were the following:

- Reappraisal of capital assets in the current fiscal year, which resulted in an increase of \$41,186.
- Increase in the number of meals claimed accounting for an increase in federal and state lunch reimbursements of approximately \$6,000.
- Increase in interest earnings of approximately \$2,900.
- A payable accrued at June 30 of \$35,228 for the purchase of a Point of Sale ("POS") system.

Financial Analysis of the District's Funds

The District's financial position improved despite difficult economic times and decreases in State aid. Special education costs continue to rise as we move to control outside placements as well as mandated services to in-house students.

Difficult economic times and recent legislation have had a direct impact upon the District's revenue sources. Due to the requirements of the S1701 legislation on restricting and reducing fund balance, the District has had to utilize funds from the unappropriated balance to reduce the tax levy. The recent national financial crisis is impacting state resources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

- Over the course of the year, the District revised the annual operating budget several times. These budget amendments were due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2011/12
	Government Activities		Business-Type Activities		Total School District		
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	
Sites	\$ 443,166	\$ 443,166			\$ 443,166	\$ 443,166	0.00%
Site Improvements	661,421	770,484			661,421	770,484	16.49%
Construction in Progress	40,580,865	40,859,312			40,580,865	40,859,312	0.69%
Buildings and Building Improvements	4,747,951	5,351,217			4,747,951	5,351,217	12.71%
Machinery and Equipment	622,232	699,776	\$ 73,031	\$ 99,682	695,263	799,458	14.99%
Total Capital Assets (Net of Depreciation)	<u>\$ 47,055,635</u>	<u>\$ 48,123,955</u>	<u>\$ 73,031</u>	<u>\$ 99,682</u>	<u>\$ 47,128,666</u>	<u>\$ 48,223,637</u>	2.32%

The increase in capital assets is due primarily to the increase in construction in progress due to the high school renovation, the construction of the athletic field complex and partial re-roofing at the high school; and an increase in capital outlay expenditures for the high school roofing project and improvements to the softball field.

Long-term Debt

At year-end, the District had \$23,759,000 in serial bonds. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage Change 2011/12
	2010/11	2011/12	
Serial Bonds (Financed with Property Taxes)	\$ 27,054,000	\$ 23,759,000	-12.18%
Less: Deferred Amount on Refunding		(29,508)	100.00%
	27,054,000	23,729,492	-12.29%
Other Long Term Liabilities	312,570	449,338	43.76%
	<u>\$ 27,366,570</u>	<u>\$ 24,178,830</u>	-11.65%

The District continued to pay down its debt, retiring \$1,005,000 of serial bonds. On June 6, 2012, the District issued refunding bonds of \$17,335,000 to advance refund \$19,625,000 of the 2005 school bonds. The District utilized a portion of its unexpended referendum balance from the Capital Projects Fund to pay down \$1,500,000 of the 2005 bonds. As a result of the advance refunding, the District will realize a total of \$3,166,745 in debt service savings through fiscal year ending June 30, 2027. On a present value basis, the savings equate to \$1,139,179 (net of all costs of issuing the bonds and prior funds on hand), or 5.80% of the bonds refunded.

There was a net decrease in compensated absences in the amount of \$57,482, due to the retirement of vested employees. The District entered into a capital lease purchase agreement of \$194,250 for the purchase of 175 laptops.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of five existing circumstances that could significantly affect its financial health in the future:

- Negotiated salary increases.
- Rising health benefit costs.

- Increasing costs of special education students and outside placements.
- Impact of accountability regulations.
- Impact of the fiscal crisis upon the state treasury affected state aid paid to the district.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 89 Bowerstown Road, Washington, NJ 07882.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,657,360	\$ 382,304	\$ 6,039,664
Internal Balances	3,448	(3,448)	
Interfund Receivables	100		100
Receivables from State Government	400,038	152	400,190
Receivables from Federal Government	136,124	3,481	139,605
Receivables from Other Governments	176,873		176,873
Other Receivables	2,100		2,100
Inventories		3,934	3,934
Unamortized Serial Bonds Issuance Costs	331,334		331,334
Restricted Assets:			
Capital Reserve Account - Cash	3,485,987		3,485,987
Maintenance Reserve - Cash	645,000		645,000
Emergency Reserve - Cash	318,406		318,406
Capital Assets, Net			
Sites (Land) and Construction in Progress	41,302,478		41,302,478
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	6,821,477	99,682	6,921,159
Total Assets	<u>59,280,725</u>	<u>486,105</u>	<u>59,766,830</u>
LIABILITIES			
Accrued Interest Payable	112,471		112,471
Accounts Payable	222,902	35,228	258,130
Payable to State Government	2,402		2,402
Payable to Other Government	26,775		26,775
Deferred Revenue	1,709	2,287	3,996
Unamortized Bond Issuance Premium	2,484,721		2,484,721
Noncurrent Liabilities:			
Due Within One Year	1,301,218		1,301,218
Due Beyond One Year	22,877,612		22,877,612
Total Liabilities	<u>27,029,810</u>	<u>37,515</u>	<u>27,067,325</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	24,288,636	99,682	24,388,318
Restricted for:			
Capital Projects	3,619,936		3,619,936
Debt Service	70,202		70,202
Other Purposes	5,262,025		5,262,025
Unrestricted/(Deficit)	(989,884)	348,908	(640,976)
Total Net Assets	<u>\$ 32,250,915</u>	<u>\$ 448,590</u>	<u>\$ 32,699,505</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 13,383,918		\$ 1,623,053		\$ (11,760,865)		\$ (11,760,865)
Special Education	3,802,058		2,095,785		(1,706,273)		(1,706,273)
Other Special Instruction	143,352		16,553		(126,799)		(126,799)
Other Instruction	1,359,415		20,000		(1,339,415)		(1,339,415)
Support Services:							
Tuition	1,073,266				(1,073,266)		(1,073,266)
Student & Instruction Related Services	3,945,711		812,103		(3,133,608)		(3,133,608)
General Administrative Services	631,931		27,539		(604,392)		(604,392)
School Administrative Services	1,611,543		132,218		(1,479,325)		(1,479,325)
Central Services	528,758		27,344		(501,414)		(501,414)
Administrative Information Technology	551,563				(551,563)		(551,563)
Plant Operations and Maintenance	2,803,793		71,491	\$ 90,323	(2,641,979)		(2,641,979)
Pupil Transportation	1,438,029	\$ 225,221	6,679		(1,206,129)		(1,206,129)
Interest on Long-Term Debt	807,376				(807,376)		(807,376)
Capital Outlay	316,126				(316,126)		(316,126)
Unallocated Depreciation	316,768				(316,768)		(316,768)
Total Governmental Activities	32,713,607	225,221	4,832,765	90,323	(27,565,298)		(27,565,298)
Business-Type Activities:							
Food Service	509,470	368,653	116,226			\$ (24,591)	(24,591)
Total Business-Type Activities	509,470	368,653	116,226			(24,591)	(24,591)
Total Primary Government	\$ 33,223,077	\$ 593,874	\$ 4,948,991	\$ 90,323	(27,565,298)	(24,591)	(27,589,889)

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Revenues and Special Items:							
Taxes:							
					\$ 18,658,452		\$ 18,658,452
					1,930,302		1,930,302
					1,859,394		1,859,394
					9,050,371		9,050,371
					72,145	\$ 2,996	75,141
					163,141		163,141
					(1,500,000)		(1,500,000)
						(1,580)	(1,580)
					438,797	41,186	479,983
					<u>30,672,602</u>	<u>42,602</u>	<u>30,715,204</u>
					3,107,304	18,011	3,125,315
					<u>29,143,611</u>	<u>430,579</u>	<u>29,574,190</u>
					<u>\$ 32,250,915</u>	<u>\$ 448,590</u>	<u>\$ 32,699,505</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,868,711		\$ 1,788,649		\$ 5,657,360
Interfund Receivable	1,594,730			\$ 70,202	1,664,932
Receivables From State Government	381,973		18,065		400,038
Receivables From Federal Government		\$ 136,124			136,124
Receivables From Other Governments	176,873				176,873
Other Receivables	2,100				2,100
Restricted Cash and Cash Equivalents	4,449,393				4,449,393
Total Assets	<u>\$ 10,473,780</u>	<u>\$ 136,124</u>	<u>\$ 1,806,714</u>	<u>\$ 70,202</u>	<u>\$ 12,486,820</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 106,550	\$ 1,554,834		\$ 1,661,384
Accounts Payable	\$ 197,439	25,463			222,902
Payable to State Government		2,402			2,402
Payable to Other Government	26,775				26,775
Deferred Revenue		1,709			1,709
Total Liabilities	<u>224,214</u>	<u>136,124</u>	<u>1,554,834</u>		<u>1,915,172</u>
Fund Balances:					
Restricted:					
Capital Reserve	3,485,987				3,485,987
Maintenance Reserve	645,000				645,000
Emergency Reserve	318,406				318,406
Excess Surplus - 2013-2014	2,523,966				2,523,966
Excess Surplus - Restricted for 2012-2013	1,774,653				1,774,653
Capital Projects Fund			117,931		117,931
Debt Service Fund				\$ 70,202	70,202
Committed:					
Capital Projects			133,949		133,949
Assigned:					
Other Purposes	1,501,554				1,501,554
Total Fund Balances	<u>10,249,566</u>		<u>251,880</u>	<u>70,202</u>	<u>10,571,648</u>
Total Liabilities and Fund Balances	<u>\$ 10,473,780</u>	<u>\$ 136,124</u>	<u>\$ 1,806,714</u>	<u>\$ 70,202</u>	<u>12,486,820</u>

Amounts Reported for *Governmental Activities* in the Statement of Net Assets (A-1) are Different Because:

Total Fund Balances from above	10,571,648
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$58,506,370 and the Accumulated Depreciation is \$10,382,415.	48,123,955
Unamortized Serial Bond Issuance Costs are reported as expenditures in the Governmental Funds. The cost is \$393,560 and the accumulated amortization is \$62,226.	331,334
Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$2,484,721 and the Accumulated Amortization is \$-0-.	(2,484,721)

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure.					\$ 29,508
Interest on Long-Term Debt is not Accrued in the Governmental Funds but Rather is Recognized as an Expenditure When Due.					(112,471)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds					<u>(24,208,338)</u>
Net Assets of Governmental Activities					<u>\$ 32,250,915</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 18,658,452			\$ 1,930,302	\$ 20,588,754
Tuition from Other LEAs	1,859,394				1,859,394
Transportation Fees from Other LEAs	225,221				225,221
Interest Earned on Capital Reserve Funds	19,538				19,538
Other Restricted Miscellaneous Revenue	39,805				39,805
Unrestricted Miscellaneous Revenue	175,836	\$ 1,135	\$ 107		177,078
Total - Local Sources	20,978,246	1,135	107	1,930,302	22,909,790
State Sources	12,637,128	16,651	90,323	16,945	12,761,047
Federal Sources	378,302	832,975			1,211,277
Total Revenues	33,993,676	850,761	90,430	1,947,247	36,882,114
EXPENDITURES:					
Current:					
Regular Instruction	8,995,304	176,134			9,171,438
Special Education Instruction	2,337,555	405,248			2,742,803
Other Special Instruction	96,085				96,085
School-Sponsored/Other Instruction	1,100,377				1,100,377
Support Services and Undistributed Costs:					
Tuition	1,073,266				1,073,266
Student and Other Instruction Related Services	2,833,555	170,877			3,004,432
General Administration Services	514,378				514,378
School Administration Services	1,128,760				1,128,760
Central Services	377,144				377,144
Administrative Information Technology	483,817				483,817
Plant Operations and Maintenance	2,395,061				2,395,061
Student Transportation	1,401,887				1,401,887
Unallocated Benefits	7,710,035				7,710,035
Debt Service:					
Principal				1,005,000	1,005,000
Interest and Other Charges				1,092,246	1,092,246
Capital Outlay	1,016,804	98,502	278,447		1,393,753
Total Expenditures	31,464,028	850,761	278,447	2,097,246	34,690,482
Excess/(Deficit) of Revenue Over/(Under) Expenditures	2,529,648		(188,017)	(149,999)	2,191,632
OTHER FINANCING SOURCES/(USES):					
Contribution for Bond Refunding				(1,500,000)	(1,500,000)
Long Term Debt Issued				17,335,000	17,335,000
Bond Premium				2,484,721	2,484,721
Serial Bonds Defeased				(19,625,000)	(19,625,000)
Bond Issuance Costs				(165,213)	(165,213)
Deferred Interest				(1,529,508)	(1,529,508)
Debt Service Contribution				1,500,000	1,500,000
Capital Leases (Non-Budgeted)	194,250				194,250
Transfers In				1,500,107	1,500,107
Transfers Out			(1,500,107)		(1,500,107)
Total Other Financing Sources/(Uses)	194,250		(1,500,107)	107	(1,305,750)

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Net Change in Fund Balances	\$ 2,723,898		\$ (1,688,124)	\$ (149,892)	\$ 885,882
Fund Balance - July 1	<u>7,525,668</u>		<u>1,940,004</u>	<u>220,094</u>	<u>9,685,766</u>
Fund Balance - June 30	<u>\$ 10,249,566</u>	<u>\$ -0-</u>	<u>\$ 251,880</u>	<u>\$ 70,202</u>	<u>\$ 10,571,648</u>

Exhibit B-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 885,882

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and reappraisal of exceeded depreciation and deleted assets, net of accumulated depreciation in the period.

Depreciation expense	\$ (448,104)	
Deleted Assets, net of accumulated depreciation	(29,158)	
Reappraisal of Assets	438,797	
Capital outlays	1,106,785	1,068,320

In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

57,482

Proceeds from debt issued and the related costs for the issuance of bonds are not recorded in the governmental funds.

Serial Bonds Issued	17,335,000	
Serial Bonds Premium	2,484,721	
Serial Bonds Issuance Costs	(165,213)	
Serial Bond Deferred Interest	(1,529,508)	
School Bonds Defeased	(19,625,000)	
Debt Service Contribution	1,500,000	-0-

The governmental funds report the effect of serial bonds issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (-)

(12,251)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

297,121

Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

1,005,000

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

(194,250)

Change in Net Assets of Governmental Activities (A-2)

\$ 3,107,304

Exhibit B-4

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 382,304
Intergovernmental Accounts Receivable:	
State	152
Federal	3,481
Inventories	<u>3,934</u>
Total Current Assets	<u>389,871</u>
Non-Current Assets:	
Capital Assets	308,750
Less: Accumulated Depreciation	<u>(209,068)</u>
Total Non-Current Assets	<u>99,682</u>
Total Assets	<u>489,553</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable - General Fund	3,448
Accounts Payable	35,228
Deferred Revenue	<u>2,287</u>
Total Liabilities	<u>40,963</u>
<u>NET ASSETS:</u>	
Investment in Capital Assets Net of Related Debt	99,682
Unrestricted	<u>348,908</u>
Total Net Assets	<u>\$ 448,590</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 198,437
Daily Sales - Non-Reimbursable Programs	<u>170,216</u>
Total Operating Revenue	<u>368,653</u>
Operating Expenses:	
Cost of Sales	216,610
Salaries, Benefits & Payroll Taxes	211,490
Supplies, Insurance & Other Costs	55,386
Management Fee	13,029
Depreciation Expense	<u>12,955</u>
Total Operating Expenses	<u>509,470</u>
Operating Loss	(140,817)
Non-Operating Income:	
Local Sources:	
Interest Income	2,996
State Sources:	
State School Lunch Program	4,285
Federal Sources:	
National School Lunch Program	98,603
Food Distribution Program	<u>13,338</u>
Total Non-Operating Income	<u>119,222</u>
Change in Net Assets Before Other Special Items	(21,595)
Other Special Items:	
Reappraisal of Capital Assets	41,186
Deletion of Capital Assets, Net of Accumulated Depreciation	<u>(1,580)</u>
Change in Net Assets	18,011
Net Assets - Beginning of Year	<u>430,579</u>
Net Assets - End of Year	<u>\$ 448,590</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 368,653
Payments to Food Service Contractor	(435,282)
Payments to Suppliers	(12,137)
	(78,766)
Net Cash Used for Operating Activities	
Cash Flows from Financing Activities:	
Interest Income	2,996
	2,996
Net Cash Provided by Financing Activities	
Cash Flows by Noncapital Financing Activities:	
Interfund Advanced - General Fund	3,448
State Sources	4,293
Federal Sources	98,410
	106,151
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	30,381
Cash and Cash Equivalents, July 1	351,923
Cash and Cash Equivalents, June 30	\$ 382,304
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (140,817)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	12,955
Food Distribution Program	13,338
Changes in Assets and Liabilities:	
Increase in Deferred Revenue	490
Increase in Accounts Payable	35,228
Decrease in Inventory	40
	(78,766)
Net Cash Used for Operating Activities	\$ (78,766)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$13,828 and Utilized Commodities Valued at \$13,338.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 383,336	\$ 79,693	\$ 100	\$ 5,364
Investments				388,164
Total Assets	383,336	79,693	100	393,528
<u>LIABILITIES:</u>				
Interfund Payable - General Fund			100	
Payroll Deductions and Withholdings	175,432			
Due to Student Groups	207,904			
Total Liabilities	383,336		100	
<u>NET ASSETS:</u>				
Held in Trust for Unemployment Claims		79,693		
Restricted for Scholarships				393,528
Total Net Assets	\$ -0-	\$ 79,693	\$ -0-	\$ 393,528

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ADDITIONS:		
Contributions:		
Plan Members	\$ 42,172	
Budget Appropriation	150,361	
Donations		\$ 483
Total Contributions	192,533	483
Investment Earnings:		
Interest		2,585
Net Investment Earnings		2,585
Total Additions	192,533	3,068
DEDUCTIONS:		
Quarterly Contribution Reports	25,818	
Unemployment Claims	92,761	
Scholarships Awarded		9,236
Total Deductions	118,579	9,236
Change in Net Assets	73,954	(6,168)
Net Assets - Beginning of the Year	5,739	399,696
Net Assets - End of the Year	\$ 79,693	\$ 393,528

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Warren Hills Regional School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net assets and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Private Purpose Scholarships Trust, Flexible Spending Trust, the Payroll Agency Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the school election on the fourth Wednesday in April, 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SDA grants in the Capital Projects Fund are recognized on the budgetary basis when awarded; while on a GAAP basis, revenue is recognized based on actual expenditures and when funds are requested for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>Capital Projects Fund</u>
Restricted	\$ 117,931
Committed	220,274
	<hr/>
Total Fund Balance - Budgetary Basis	338,205
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on GAAP Basis	(86,325)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 251,880</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures (Cont'd):

	<u>Capital Projects Fund</u>		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 107		
SDA Grant Revenue Recognized on GAAP Basis	<u>90,323</u>		
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 90,430</u>		
		<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:			
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,084,877	\$ 715,719	
Differences - Budget to GAAP:			
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not.			
Prior Year Encumbrances			135,042
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	896,233		
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(987,434)</u>		
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 33,993,676</u>	<u>\$ 850,761</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures (Cont'd):

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,464,028	\$ 715,719
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		135,042
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 31,464,028	\$ 850,761

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets: (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond issuance costs as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2012.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee agreements/contracts. Upon termination, employees are paid for accrued vacation. The District's various employee agreements/contracts permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee agreements/contracts.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences (Cont'd)

In the district-wide *Statement of Net Assets*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Deferred Revenue

Deferred revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$10,249,566 General Fund fund balance at June 30, 2012, \$3,485,987 is restricted in the capital reserve account; \$645,000 is restricted in the maintenance reserve account; \$318,406 is restricted in the emergency reserve account; \$4,298,619 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (the \$1,774,653 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2013 and the current year excess surplus of \$2,523,966 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2014); \$1,501,554 is assigned for year end encumbrances, which is \$25,363 less than the budgetary year end encumbrances due to the final two state aid payments which are not recognized, on a GAAP basis, until the fiscal year ending June 30, 2013; and \$-0- is unassigned, which is \$962,071 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2013.

Capital Projects Fund: Of the \$251,880 Capital Projects Fund fund balance at June 30, 2012, \$117,931 is restricted and \$133,949 is committed fund balance, on a GAAP basis, which is \$86,325 less than the committed fund balance on a budgetary basis as \$86,325 of the SDA grant receivable is not recognized on the GAAP basis.

Debt Service Fund: The Debt Service Fund has \$70,202 of restricted fund balance at June 30, 2012.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis as reported in the fund statement (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last state aid payments, and not the fund balance reported on the fund statement which excludes the last state aid payments.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Deficit Net Assets:

The District had a deficit in unrestricted net assets from governmental activities in the amount of \$989,884. This is due to the accrual of \$255,088 of compensated absences payable, \$112,471 of accrued interest payable on bonds and \$2,484,721 in unamortized bond premium; offset by \$331,334 of unamortized bond issuance costs, \$29,508 of deferred interest and \$1,501,554 of General Fund encumbrances at year end. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the prior fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, an emergency reserve, the capital projects fund and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has committed resources in the Capital Projects Fund at June 30, 2012.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2012.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenue are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40 requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below and on the following page.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits or in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital Reserve	Maintenance Reserve	Emergency Reserve	Investments	Total
Checking and Savings Accounts	\$6,508,157	\$3,485,987	\$ 645,000	\$ 318,406		\$10,957,550
Certificates of Deposit					\$ 388,164	388,164
	<u>\$6,508,157</u>	<u>\$3,485,987</u>	<u>\$ 645,000</u>	<u>\$ 318,406</u>	<u>\$ 388,164</u>	<u>\$11,345,714</u>

During the period ended June 30, 2012, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$11,345,714 and the bank balance was \$11,818,620.

Note 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$500,000 in the original 1999-2000 annual budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

Note 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2011	\$ 2,766,449
Add:	
Interest Earnings	19,538
Transfer from Unassigned Fund Balance per Board Resolution - June 12, 2012	700,000
	\$ 3,485,987
Ending Balance, June 30, 2012	\$ 3,485,987

The June 30, 2012 balance of local support costs of uncompleted capital projects in the District's LRFP exceeds the balance in the capital reserve account at June 30, 2012.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 443,166			\$ 443,166
Construction in Progress	40,580,865	\$ 278,447		40,859,312
Total Capital Assets Not Being Depreciated	41,024,031	278,447		41,302,478
Capital Assets Being Depreciated:				
Site Improvements	1,096,889	\$ 160,100		1,256,989
Buildings and Building Improvements	13,976,934	425,295		14,402,229
Machinery and Equipment	1,458,178	242,943	\$ (156,447)	1,544,674
Total Capital Assets Being Depreciated	16,532,001	828,338	(156,447)	17,203,892
Governmental Activities Capital Assets	57,556,032	1,106,785	(156,447)	58,506,370
Less Accumulated Depreciation for:				
Site Improvements	(435,468)	(51,037)		(486,505)
Buildings and Building Improvements	(9,228,983)	(255,766)	433,737	(9,051,012)
Machinery and Equipment	(835,946)	(141,301)	132,349	(844,898)
	(10,500,397)	(448,104)	566,086	(10,382,415)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 47,055,635	\$ 658,681	\$ 409,639	\$ 48,123,955
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 290,400		\$ 18,350	\$ 308,750
Less Accumulated Depreciation	(217,369)	\$ (12,955)	21,256	(209,068)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 73,031	\$ (12,955)	\$ 39,606	\$ 99,682

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

The District had active construction projects totaling \$42,697,517 as of June 30, 2012. These projects include new construction and renovations of the District's schools. At year end, the District had \$71,953 in year end encumbrances in the Capital Projects Fund for other professional and technical services and construction services.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 36,028
Special Education Instruction	7,909
Support Services	2,422
School Administrative	33,911
General Administration	4,844
Central Services	4,844
Administrative Information Technology	2,422
Operations and Maintenance of Plant	21,926
Pupil Transportation	17,030
Unallocated	<u>316,768</u>
	<u><u>\$ 448,104</u></u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2012, the District made transfers to the capital outlay accounts, all of which related to equipment and therefore did not require approval from the County Superintendent.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Balance</u> <u>6/30/2011</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>6/30/2012</u>
Serial Bonds Payable	\$ 27,054,000	\$ 17,335,000	\$ 20,630,000	\$ 23,759,000
Less: Deferred Amount on Refunding		(29,508)		(29,508)
	<u>27,054,000</u>	<u>17,305,492</u>	<u>20,630,000</u>	<u>23,729,492</u>
Compensated Absences Payable	312,570	60,249	117,731	255,088
Capital Leases Payable		194,250		194,250
	<u><u>\$ 27,366,570</u></u>	<u><u>\$ 17,559,991</u></u>	<u><u>\$ 20,747,731</u></u>	<u><u>\$ 24,178,830</u></u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

On June 6, 2012, the District issued refunding bonds of \$17,335,000 with interest rates ranging from 3.0% to 5.0% to advance refund \$19,625,000 school bonds with interest rate ranging from 4.0% to 4.50%. The bonds mature on February 12, 2013 through 2027 and February 15, 2023 is the first optional redemption date at 100% at par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on February 15, 2014. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the District will realize a total of \$3,166,745 in debt service savings through fiscal year ending June 30, 2027. On a present value basis, the savings equate to \$1,139,179 (net of all costs of issuing the bonds and prior funds on hand), or 5.80% of the bonds refunded.

The District had bonds outstanding as of June 30, 2012 as follows:

<u>Final Maturity Date</u>	<u>Serial Bonds Interest Rates</u>	<u>Amount</u>
02/15/14	4.00%	\$ 1,650,000
02/15/24	3.50%-4.13%	4,774,000
02/15/27	3.00%-5.00%	17,335,000
		<u>\$ 23,759,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2013	\$ 1,250,000	\$ 761,746	\$ 2,011,746
2014	1,180,000	943,021	2,123,021
2015	1,185,000	896,646	2,081,646
2016	1,285,000	858,509	2,143,509
2017	1,365,000	808,009	2,173,009
2018 - 2022	8,375,000	3,092,419	11,467,419
2023 - 2027	9,119,000	1,082,343	10,201,343
	<u>\$ 23,759,000</u>	<u>\$ 8,442,693</u>	<u>\$ 32,201,693</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Capital Leases Payable:

The District is leasing 175 MacBook laptops under a capital lease valued at \$194,250 of which \$0- has been amortized. The capital lease is for a term of five years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2013	\$ 65,972
2014	65,973
2015	<u>65,972</u>
Total minimum lease payments	197,917
Less: Amount representing interest	<u>(3,667)</u>
	<u>\$ 194,250</u>

The current portion of capital leases payable at June 30, 2012 is \$65,973 and the long-term portion is \$128,277. The General Fund will be used to liquidate the capital leases payable.

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$0- and the long-term liability balance of compensated absences is \$255,088.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. The Debt Service Fund will be used to liquidate the Serial Bonds Payable.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other noncontribution employers. The PERS is also considered a cost-sharing, multiple-employer plan. However, if an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP.

Employees who are members of TPAF or PERS and retire at or after age according to the relevant tier category for the employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. Effective with the first payroll to be paid on or after October 1, 2011, employee contributions for PERS and TPAF went from 5.5% to 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. Employee contributions are based on percentages of 5.5% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expended under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$327,880, \$322,518 and \$270,907 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$438,709, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

The employee and employer contributions for DCRP for the year ended June 30, 2012 were \$6,829 and \$3,725, respectively. The employee and employer contributions for DCRP for the year ended June 30, 2011 were \$4,141 and \$2,486, respectively. There were no contributions in 2010.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS, TPAF and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$881,920, \$897,511 and \$895,687 for 2012, 2011 and 2010, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefits coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits

The Warren Hills Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2012 audit report for the fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2011 is as follows:

	<u>School Alliance Insurance Fund</u>
Total Assets	\$ 36,448,099
Total Net Assets	\$ 12,502,179
Total Revenue	\$ 29,577,140
Total Expenses	\$ 28,589,235
Net Income for the Year Ended June 30	\$ 987,905
Net Assets Distribution to Participating Members	\$ 1,223,485

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)New Jersey Unemployment Compensation Insurance (Cont'd)

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 150,361	\$ -0-	\$ 42,172	\$ 118,579	\$ 79,693
2010-2011	86,775	-0-	39,736	134,140	5,739
2009-2010	58,705	-0-	46,894	108,017	13,368

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,594,730	
Special Revenue Fund		\$ 106,550
Capital Projects Fund		1,554,834
Debt Service Fund	70,202	
Enterprise Fund		3,448
Fiduciary Fund - Flexible Spending Trust		100
	<u>\$ 1,664,932</u>	<u>\$ 1,664,932</u>

The interfund receivable in the General Fund is comprised of an interfund loan to the Special Revenue Fund and the Debt Service Fund for cash flow purposes of \$106,550 and \$1,474,651, respectively; an interfund receivable with the Capital Projects Fund of \$9,981; and interfund advances to the Flexible Spending Trust and the Food Service Fund of \$100 and \$3,448, respectively. The interfund payable in the Capital Projects Fund is comprised of prior year interest earnings of \$44,745 on the bank accounts maintained for the referendum project in the Capital Projects Fund and current year interest earnings of \$108 in the Capital Projects Fund which the District elected to allocate to the Debt Service Fund; \$9,981 of prior year interest earnings in the Capital Projects Fund which the District elected to allocate to the General Fund; and \$1,500,000 of unexpended referendum balance due to the Debt Service Fund.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2012 were:

	<u>Governmental Activities</u>		Total Governmental Funds	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Food Service Fund</u>
Due to State of New Jersey		\$ 19,047	\$ 19,047	
Vendors	\$ 16,189	6,416	22,605	\$ 35,228
Accrued Salaries and Wages	181,250		181,250	
	<u>\$ 197,439</u>	<u>\$ 25,463</u>	<u>\$ 222,902</u>	<u>\$ 35,228</u>

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

- Equitable Life Assurance
- Oppenheimer
- Fidelity Investments

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the regional school district on predetermined agreed-upon schedules.

NOTE 16. CONTINGENT LIABILITIESGrant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance or recorded as an encumbrance payable would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2012, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 1,526,917	\$ -0-	\$ 71,953	\$ 1,598,870

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$1,501,554 is assigned for year-end encumbrances in the General Fund, which is \$25,363 less than the actual year-end encumbrances on a budgetary basis. This is due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2013. Of the \$71,953 year-end encumbrances in the Capital Projects Fund on a budgetary basis, \$96,181 are included in the \$117,931 restricted fund balance on a GAAP basis at June 30, 2012 and \$50,203 are included in the \$133,949 committed fund balance on a GAAP basis at June 30, 2012.

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 21, 2011 by inclusion of \$250,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 250,000
Add:	
Transfer from Unassigned Fund Balance per Board Resolution - June 12, 2012	68,406
Ending Balance, June 30, 2012	\$ 318,406

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 (Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$395,000 was established by the District on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2011	\$ 395,000
Add:	
Transfer from Unassigned Fund Balance per Board Resolution - June 12, 2012	<u>250,000</u>
Ending Balance, June 30, 2012	<u><u>\$ 645,000</u></u>

BUDGETARY COMPARISON SCHEDULES

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 18,658,452		\$ 18,658,452	\$ 18,658,452	
Tuition from Other LEAs	1,688,500		1,688,500	1,859,394	\$ 170,894
Transportation Fees from Other LEAs	290,000		290,000	225,221	(64,779)
Interest Earned on Capital Reserve Funds	2,000		2,000	19,538	17,538
Other Restricted Miscellaneous Revenue	9,000		9,000	39,805	30,805
Unrestricted Miscellaneous Revenue	90,000		90,000	175,836	85,836
Total - Local Sources	<u>20,737,952</u>		<u>20,737,952</u>	<u>20,978,246</u>	<u>240,294</u>
State Sources:					
Categorical Special Education Aid	959,556		959,556	959,556	
Equalization Aid	8,789,901		8,789,901	9,120,087	330,186
Extraordinary Special Education Costs Aid				375,294	375,294
Reimbursement of Nonpublic School Transportation Costs				6,679	6,679
Anti-Bullying				1,840	1,840
TPAF On-Behalf Pension Contributions (Non-Budgeted)				438,709	438,709
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				881,920	881,920
TPAF Social Security (Reimbursed - Non-Budgeted)				944,244	944,244
Total State Sources	<u>9,749,457</u>		<u>9,749,457</u>	<u>12,728,329</u>	<u>2,978,872</u>
Federal Sources:					
Education Jobs Fund	366,811	\$ 11,491	378,302	378,302	
Total Federal Sources	<u>366,811</u>	<u>11,491</u>	<u>378,302</u>	<u>378,302</u>	
TOTAL REVENUES	<u>30,854,220</u>	<u>11,491</u>	<u>30,865,711</u>	<u>34,084,877</u>	<u>3,219,166</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 2,459,451	\$ 130,817	\$ 2,590,268	\$ 2,535,524	\$ 54,744
Grades 9-12 - Salaries of Teachers	5,582,998	42,184	5,625,182	5,558,616	66,566
Regular Programs - Home Instruction:					
Salaries of Teachers	82,188	(16,000)	66,188	49,607	16,581
Other Salaries for Instruction	15,000		15,000	5,584	9,416
Other Purchased Services	22,756	4,346	27,102	17,432	9,670
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	144,121	35,779	179,900	165,460	14,440
Purchased Professional - Educational Services	11,090	(1,800)	9,290	7,400	1,890
Purchased Technical Services	110,329	(7,000)	103,329	26,844	76,485
Other Purchased Services	22,493	(1,845)	20,648	7,586	13,062
General Supplies	430,545	164,206	594,751	534,842	59,909
Textbooks	140,015	174,685	314,700	80,215	234,485
Other Objects	18,848	(4,640)	14,208	6,194	8,014
Total Regular Programs - Instruction	<u>9,039,834</u>	<u>520,732</u>	<u>9,560,566</u>	<u>8,995,304</u>	<u>565,262</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	187,319	(55,518)	131,801	122,735	9,066
Purchased Professional - Educational Services	37,280		37,280	6,353	30,927
Other Purchased Services	1,150		1,150	281	869
General Supplies	1,000	(349)	651	26	625
Textbooks	2,768	349	3,117	3,116	1
Other Objects	100		100		100
Total Learning and/or Language Disabilities	<u>229,617</u>	<u>(55,518)</u>	<u>174,099</u>	<u>132,511</u>	<u>41,588</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 200,204	\$ 22,000	\$ 222,204	\$ 203,523	\$ 18,681
Purchased Technical Services	70,000	(70,000)			
Other Purchased Services	1,650		1,650	520	1,130
General Supplies	2,500		2,500		2,500
Textbooks	7,000		7,000		7,000
Other Objects	300		300		300
Total Behavioral Disabilities	<u>281,654</u>	<u>(48,000)</u>	<u>233,654</u>	<u>204,043</u>	<u>29,611</u>
Multiple Disabilities:					
Salaries of Teachers	228,320	(4,602)	223,718	223,021	697
Other Salaries for Instruction	30,342	3,802	34,144	34,111	33
Purchased Professional - Educational Services	105,000	(56,112)	48,888	12,159	36,729
Purchased Technical Services	3,000		3,000	1,015	1,985
Other Purchased Services	3,200		3,200	192	3,008
General Supplies	8,649		8,649	4,462	4,187
Textbooks	1,000		1,000		1,000
Other Objects	300		300	225	75
Total Multiple Disabilities	<u>379,811</u>	<u>(56,912)</u>	<u>322,899</u>	<u>275,185</u>	<u>47,714</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,541,238	(134,299)	1,406,939	1,394,890	12,049
Other Salaries for Instruction	133,258		133,258	77,283	55,975
Purchased Professional - Educational Services	179,000		179,000	139,628	39,372
Other Purchased Services	1,750		1,750		1,750
General Supplies	11,359		11,359	1,889	9,470

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center (Continued):					
Textbooks	\$ 7,000		\$ 7,000	\$ 197	\$ 6,803
Other Objects	2,000		2,000	790	1,210
Total Resource Room/Resource Center	<u>1,875,605</u>	<u>\$ (134,299)</u>	<u>1,741,306</u>	<u>1,614,677</u>	<u>126,629</u>
Autism:					
Salaries of Teachers	63,642	36,775	100,417	60,186	40,231
Purchased Professional - Educational Services	36,120	11,800	47,920	37,920	10,000
Other Purchased Services	1,100		1,100	154	946
General Supplies	2,750		2,750	42	2,708
Textbooks	700		700	66	634
Other Objects	200		200		200
Total Autism	<u>104,512</u>	<u>48,575</u>	<u>153,087</u>	<u>98,368</u>	<u>54,719</u>
Home Instruction:					
Salaries of Teachers	65,000	8,000	73,000	12,771	60,229
Total Home Instruction	<u>65,000</u>	<u>8,000</u>	<u>73,000</u>	<u>12,771</u>	<u>60,229</u>
Total Special Education Instruction	<u>2,936,199</u>	<u>(238,154)</u>	<u>2,698,045</u>	<u>2,337,555</u>	<u>360,490</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	92,674	500	93,174	93,168	6
Other Salaries for Instruction	12,620	(500)	12,120	2,166	9,954
General Supplies	780	(250)	530		530
Textbooks	212		212		212
Total Basic Skills/Remedial - Instruction	<u>106,286</u>	<u>(250)</u>	<u>106,036</u>	<u>95,334</u>	<u>10,702</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 5,179	\$ (5,179)			
General Supplies		5,179	\$ 5,179	\$ 751	\$ 4,428
Textbooks	212		212		212
Total Bilingual Education - Instruction	<u>5,391</u>		<u>5,391</u>	<u>751</u>	<u>4,640</u>
School-Sponsored Co/Extra curricular Activities - Instruction:					
Salaries	172,205	(8,800)	163,405	155,024	8,381
Purchased Services	27,410		27,410	11,656	15,754
Supplies and Materials	11,748		11,748	4,910	6,838
Total School-Sponsored Co curricular Activities - Instruction	<u>211,363</u>	<u>(8,800)</u>	<u>202,563</u>	<u>171,590</u>	<u>30,973</u>
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	653,286	8,304	661,590	649,009	12,581
Purchased Services	130,565	(19,285)	111,280	104,042	7,238
Supplies and Materials	153,993	31,214	185,207	158,510	26,697
Other Objects	19,645	(1,623)	18,022	17,226	796
Total School-Sponsored Co curricular Athletics - Instruction	<u>957,489</u>	<u>18,610</u>	<u>976,099</u>	<u>928,787</u>	<u>47,312</u>
Total Instruction	<u>13,256,562</u>	<u>292,138</u>	<u>13,548,700</u>	<u>12,529,321</u>	<u>1,019,379</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	130,500		130,500	23,521	106,979
Tuition to Other LEAs Within the State - Special	166,617		166,617	127,740	38,877
Tuition to County Voc. School Dist. - Regular	141,580		141,580	137,025	4,555

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction (Continued):					
Tuition to County Voc. School Dist. - Special	\$ 97,500		\$ 97,500	\$ 97,500	
Tuition to County Special Services Districts and Regional Day Schools	162,238		162,238	116,204	\$ 46,034
Tuition to Private Schools for the Handicapped - Within State	729,225		729,225	463,852	265,373
Tuition - State Facilities	96,750		96,750	96,750	
Tuition - Other	162,968	\$ (12,000)	150,968	10,674	140,294
Total Undistributed Expenditures - Instruction	<u>1,687,378</u>	<u>(12,000)</u>	<u>1,675,378</u>	<u>1,073,266</u>	<u>602,112</u>
Health Services:					
Salaries	313,655	8,921	322,576	322,077	499
Purchased Professional and Technical Services	22,065	(5,093)	16,972	9,380	7,592
Other Purchased Services	4,963	(473)	4,490	1,774	2,716
Supplies and Materials	10,030	505	10,535	7,200	3,335
Other Objects	540	(105)	435	180	255
Total Health Services	<u>351,253</u>	<u>3,755</u>	<u>355,008</u>	<u>340,611</u>	<u>14,397</u>
Speech, OT, PT and Related Services:					
Purchased Professional - Educational Services	202,308	(25,921)	176,387	56,708	119,679
Total Speech, OT, PT and Related Services	<u>202,308</u>	<u>(25,921)</u>	<u>176,387</u>	<u>56,708</u>	<u>119,679</u>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	452,116	25,921	478,037	478,037	
Total Other Support Services - Students - Extraordinary Services	<u>452,116</u>	<u>25,921</u>	<u>478,037</u>	<u>478,037</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 725,557		\$ 725,557	\$ 679,909	\$ 45,648
Salaries of Secretarial and Clerical Assistants	149,036	\$ 1	149,037	149,036	1
Other Salaries	41,859	575	42,434	29,552	12,882
Purchased Professional - Educational Services	500		500		500
Other Purchased Services	32,887	(5,537)	27,350	21,207	6,143
Supplies and Materials	25,379	(5,546)	19,833	12,527	7,306
Other Objects	4,345	(576)	3,769	1,699	2,070
Total Other Support Services - Guidance	979,563	(11,083)	968,480	893,930	74,550
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	394,065	50,440	444,505	438,377	6,128
Salaries of Secretarial and Clerical Assistants	120,477	1,072	121,549	121,499	50
Other Salaries	47,905	(400)	47,505	8,534	38,971
Purchased Professional - Educational Services	2,000	8,000	10,000	8,000	2,000
Other Purchased Services (400-500 series)		11,811	11,811	9,432	2,379
Residential Costs	12,700	(12,700)			
Miscellaneous Purchased Services	6,518	(1,876)	4,642	4,595	47
Supplies and Materials	18,079	(150)	17,929	12,516	5,413
Other Objects	1,000		1,000	265	735
Total Other Support Services - Child Study Teams	602,744	56,197	658,941	603,218	55,723
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	106,530	17,106	123,636	123,555	81
Salaries of Secretarial and Clerical Assistants	52,711	150	52,861	52,857	4
Other Salaries	18,025	(6,756)	11,269		11,269

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services (Continued):					
Purchased Professional-Educational Services	\$ 28,000	\$ (11,942)	\$ 16,058	\$ 1,500	\$ 14,558
Other Purchased Services	6,370		6,370	4,600	1,770
Supplies and Materials	4,604	1,442	6,046	5,546	500
Other Objects	8,000		8,000	875	7,125
Total Improvement of Instructional Services	224,240		224,240	188,933	35,307
Educational Media Services/School Library:					
Salaries	244,145		244,145	203,011	41,134
Salaries of Technology Coordinators	15,000		15,000		15,000
Purchased Professional and Technical Services	1,125		1,125		1,125
Other Purchased Services	10,848		10,848	9,856	992
Supplies and Materials	53,935		53,935	37,272	16,663
Other Objects	686		686		686
Total Educational Media Services/School Library	325,739		325,739	250,139	75,600
Instructional Staff Training Services:					
Salaries of Supervisors of Instruction	26,398		26,398	14,290	12,108
Purchased Professional-Educational Services	11,463	(1,563)	9,900	3,311	6,589
Other Purchased Services	3,270	2,063	5,333	3,447	1,886
Supplies and Materials	2,430	(547)	1,883	712	1,171
Other Objects	1,160		1,160	219	941
Total Instructional Staff Training Services	44,721	(47)	44,674	21,979	22,695

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration:					
Salaries	\$ 259,745	\$ 350	\$ 260,095	\$ 260,076	\$ 19
Legal Services	72,053	(350)	71,703	39,338	32,365
Audit Fees	72,240		72,240	34,375	37,865
Architectural/Engineering Services	10,000	5,000	15,000	12,187	2,813
Other Purchased Professional Services	36,287	(5,000)	31,287	10,382	20,905
Communications/Telephone	110,229	(3,595)	106,634	75,973	30,661
Board of Education Other Purchased Services	1,500	1,600	3,100	3,063	37
Miscellaneous Purchased Services	70,960	(16,357)	54,603	38,082	16,521
General Supplies	14,305	11,797	26,102	14,047	12,055
BOE In-House Training/Meeting Supplies	889	1,360	2,249	2,249	
Miscellaneous Expenditures	6,000	2,400	8,400	8,372	28
Board of Education Membership Dues and Fees	19,000		19,000	16,234	2,766
Total Support Services - General Administration	<u>673,208</u>	<u>(2,795)</u>	<u>670,413</u>	<u>514,378</u>	<u>156,035</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	806,131	(14,394)	791,737	744,169	47,568
Salaries of Other Professional Staff	18,540		18,540	18,540	18,540
Salaries of Secretarial and Clerical Assistants	248,363	732	249,095	246,132	2,963
Other Salaries	16,400	500	16,900	1,216	15,684
Purchased Professional-Educational Services		1,200	1,200	1,200	
Other Purchased Services	129,040	7,155	136,195	87,502	48,693
Supplies and Materials	51,420	(7,309)	44,111	37,856	6,255
Other Objects	13,419	701	14,120	10,685	3,435
Total Support Services - School Administration	<u>1,283,313</u>	<u>(11,415)</u>	<u>1,271,898</u>	<u>1,128,760</u>	<u>143,138</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Central Services:					
Salaries	\$ 372,414		\$ 372,414	\$ 367,014	\$ 5,400
Purchased Technical Services	1,000		1,000		1,000
Miscellaneous Purchased Services	14,303		14,303	8,189	6,114
Supplies and Materials	9,000		9,000	577	8,423
Miscellaneous Expenditures	3,000		3,000	1,364	1,636
Total Central Services	<u>399,717</u>		<u>399,717</u>	<u>377,144</u>	<u>22,573</u>
Administrative Information Technology:					
Salaries	205,138		205,138	202,760	2,378
Purchased Technical Services	70,054	\$ (30,182)	39,872	35,865	4,007
Other Purchased Services	140,000	1,851	141,851	134,598	7,253
Supplies and Materials	113,270	21,456	134,726	110,594	24,132
Total Administrative Information Technology	<u>528,462</u>	<u>(6,875)</u>	<u>521,587</u>	<u>483,817</u>	<u>37,770</u>
Required Maintenance of School Facilities:					
Salaries	240,631	(5,462)	235,169	219,613	15,556
Cleaning, Repair and Maintenance Services	173,801	8,400	182,201	145,814	36,387
General Supplies	68,036	300	68,336	64,771	3,565
Other Objects	1,200		1,200	960	240
Total Required Maintenance of School Facilities	<u>483,668</u>	<u>3,238</u>	<u>486,906</u>	<u>431,158</u>	<u>55,748</u>
Custodial Services:					
Salaries	749,014	(14,338)	734,676	660,243	74,433
Purchased Professional and Technical Services	17,800		17,800	4,002	13,798
Cleaning, Repair, and Maintenance Services	69,000	11,100	80,100	49,271	30,829

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services (Continued):					
Other Purchased Property Services	\$ 61,400		\$ 61,400	\$ 57,693	\$ 3,707
Insurance	130,350	\$ 4,399	134,749	134,749	
Miscellaneous Purchased Services	4,300	1,350	5,650	2,433	3,217
General Supplies	98,652	49,451	148,103	97,760	50,343
Energy (Natural Gas)	331,753	(29,349)	302,404	142,314	160,090
Energy (Electricity)	547,000	(27,400)	519,600	414,934	104,666
Energy (Oil)	11,000		11,000	10,000	1,000
Other Objects	300		300	135	165
Total Custodial Services	<u>2,020,569</u>	<u>(4,787)</u>	<u>2,015,782</u>	<u>1,573,534</u>	<u>442,248</u>
Care & Upkeep of Grounds:					
Salaries	121,203		121,203	86,871	34,332
Cleaning, Repair, and Maintenance Services	57,700		57,700	13,666	44,034
General Supplies	35,549	1,550	37,099	17,579	19,520
Total Care & Upkeep of Grounds	<u>214,452</u>	<u>1,550</u>	<u>216,002</u>	<u>118,116</u>	<u>97,886</u>
Security:					
Salaries	272,153	10,491	282,644	265,087	17,557
Cleaning, Repair, and Maintenance Services	6,500		6,500	4,968	1,532
General Supplies	2,000	1,000	3,000	2,198	802
Other Objects	150		150		150
Total Security	<u>280,803</u>	<u>11,491</u>	<u>292,294</u>	<u>272,253</u>	<u>20,041</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides					
Between Home and School - Special Education	\$ 52,000	\$ 24,671	\$ 24,671	\$ 9,282	\$ 15,389
Management Fee - ESC & CTSA Transportation Program	11,013	3,329	55,329	55,324	5
Cleaning, Repair and Maintenance Services	46,396	1,300	11,013	10,252	761
Contracted Services:			47,696	46,357	1,339
Between Home and School - Vendors	710,912	(213,051)	497,861	497,644	217
Other than Between Home and School - Vendors	45,000		45,000	6,120	38,880
Between Home and School - Joint Agreements	273,796	35,000	308,796	302,723	6,073
Special Education Students - Vendors	227,000	(57,000)	170,000	123,637	46,363
Special Education Students - Joint Agreements		300	300	275	25
Regular Student - ESCs & CTSA	24,000	(300)	23,700	10,706	12,994
Special Education Student - ESCs & CTSA	254,331	1	254,332	227,846	26,486
Aid in Lieu of Payments - Nonpublic Students	41,000	(1,300)	39,700	22,394	17,306
Miscellaneous Purchased Services - Transportation	63,000	6,000	69,000	65,305	3,695
General Supplies	3,000		3,000	1,836	1,164
Transportation Supplies	27,588	(2,000)	25,588	21,463	4,125
Other Objects	285,991		285,991	723	285,268
Total Student Transportation Services	2,065,027	(203,050)	1,861,977	1,401,887	460,090
Unallocated Benefits:					
Social Security Contributions	407,000		407,000	364,491	42,509
Other Retirement Contributions - PERS	360,000	(3,725)	356,275	327,880	28,395
Other Retirement Contributions - Regular		3,725	3,725	3,725	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Unemployment Compensation	\$ 75,362	\$ 74,999	\$ 150,361	\$ 150,361	
Workmen's Compensation	235,000		235,000	205,891	\$ 29,109
Health Benefits	4,654,000	(289,074)	4,364,926	4,134,799	230,127
Tuition Reimbursement	124,341	(800)	123,541	96,066	27,475
Other Employee Benefits	160,399	31,874	192,273	161,949	30,324
Total Unallocated Benefits	<u>6,016,102</u>	<u>(183,001)</u>	<u>5,833,101</u>	<u>5,445,162</u>	<u>387,939</u>
On-Behalf Contributions:					
TPAF On-Behalf Pension Contributions (non-budgeted)				438,709	(438,709)
TPAF Post Retirement Contributions (non-budgeted)				881,920	(881,920)
Reimbursed TPAF Social Security Contributions (non-budgeted)				944,244	(944,244)
Total On-Behalf Contributions				<u>2,264,873</u>	<u>(2,264,873)</u>
Total Personal Services - Employee Benefits	<u>6,016,102</u>	<u>(183,001)</u>	<u>5,833,101</u>	<u>7,710,035</u>	<u>(1,876,934)</u>
Total Undistributed Expenses	<u>18,835,383</u>	<u>(358,822)</u>	<u>18,476,561</u>	<u>17,917,903</u>	<u>558,658</u>
TOTAL GENERAL CURRENT EXPENSE	<u>32,091,945</u>	<u>(66,684)</u>	<u>32,025,261</u>	<u>30,447,224</u>	<u>1,578,037</u>
CAPITAL OUTLAY					
EQUIPMENT:					
Regular Programs - Instruction:					
Grades 6-8	6,400		6,400	3,900	2,500
Undistributed Expenditures:					
School-Sponsored and Other Instructional Programs		4,093	4,093		4,093
Instruction		10,915	10,915	10,915	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY (Continued):					
EQUIPMENT (Continued):					
Undistributed Expenditures:					
School Administration		\$ 7,250	\$ 7,250		\$ 7,250
Administrative Information Technology	\$ 64,559	14,311	78,870	\$ 78,870	
Custodial Services	34,700	54,656	89,356	58,960	30,396
Care and Upkeep of Grounds	5,000		5,000	4,759	241
Security	14,000	(5,030)	8,970	3,495	5,475
School Buses - Regular	30,000	100,054	130,054		130,054
Total Equipment	<u>154,659</u>	<u>186,249</u>	<u>340,908</u>	<u>160,899</u>	<u>180,009</u>
Facilities Acquisition and Construction Services:					
Legal Services	5,000	(3,400)	1,600		1,600
Architectural/Engineering Services	25,192	(25,192)			
Other Purchased Professional and Technical Services		85,091	85,091	68,111	16,980
Construction Services	675,000	(164,573)	510,427	510,427	
Other Objects	83,117		83,117	83,117	
Total Facilities Acquisition and Construction Services	<u>788,309</u>	<u>(108,074)</u>	<u>680,235</u>	<u>661,655</u>	<u>18,580</u>
Assets Acquired Under Capital Leases:					
Instructional Equipment - Laptops				194,250	(194,250)
Total Assets Acquired Under Capital Leases				<u>194,250</u>	<u>(194,250)</u>
TOTAL CAPITAL OUTLAY	<u>942,968</u>	<u>78,175</u>	<u>1,021,143</u>	<u>1,016,804</u>	<u>4,339</u>
TOTAL EXPENDITURES	<u>33,034,913</u>	<u>11,491</u>	<u>33,046,404</u>	<u>31,464,028</u>	<u>1,582,376</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	\$ (2,180,693)		\$ (2,180,693)	\$ 2,620,849	\$ 1,636,790
Other Financing Sources:					
Capital Leases (Non-Budgeted)				194,250	194,250
Total Other Financing Sources				194,250	194,250
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(2,180,693)		(2,180,693)	2,815,099	1,831,040
Fund Balance, July 1	8,421,901		8,421,901	8,421,901	
Fund Balance, June 30	<u>\$ 6,241,208</u>	<u>\$ -0-</u>	<u>\$ 6,241,208</u>	<u>\$ 11,237,000</u>	<u>\$ 1,831,040</u>
Recapitulation:					
Restricted:					
Excess Surplus - 2013-2014 School Year				\$ 2,523,966	
Excess Surplus - Restricted for 2012-2013 School Year				1,774,653	
Capital Reserve				3,485,987	
Maintenance Reserve				645,000	
Emergency Reserve				318,406	
Assigned:					
Year End Encumbrances				1,526,917	
Unassigned				962,071	
				<u>11,237,000</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payment not Recognized on GAAP basis				(987,434)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,249,566</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 2,344	\$ 2,344	\$ 635	\$ (1,709)
State Sources		29,479	29,479	15,036	(14,443)
Federal Sources	\$ 584,342	159,759	744,101	700,048	(44,053)
Total Revenues	584,342	191,582	775,924	715,719	(60,205)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	168,860	(36,555)	132,305	132,305	
Purchased Professional and Technical Services		16,460	16,460	14,058	2,402
Purchased Professional and Educational Services	26,864	3,283	30,147	22,889	7,258
Other Purchased Professional Services	160,000	40,000	200,000	200,000	
Other Purchased Services	70,000	(67,010)	2,990	2,400	590
Tuition		100,000	100,000	100,000	
General Supplies		74,255	74,255	69,042	5,213
Textbooks		978	978	978	
Other Objects		3,500	3,500	3,500	
Total Instruction	425,724	134,911	560,635	545,172	15,463
Support Services:					
Salaries of Other Professional Staff		697	697	697	
Personal Services - Employee Benefits	8,618	13,037	21,655	21,655	
Purchased Professional and Technical Services		20,429	20,429	2,086	18,343
Purchased Professional and Educational Services		43,821	43,821	21,029	22,792
Other Purchased Professional Services	150,000	(40,812)	109,188	109,188	
Other Purchased Services		3,000	3,000	3,000	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
Support Services: (Cont'd)					
Supplies and Materials		\$ 16,499	\$ 16,499	\$ 12,892	\$ 3,607
Total Support Services	\$ 158,618	56,671	215,289	170,547	44,742
Total Expenditures	<u>\$ 584,342</u>	<u>\$ 191,582</u>	<u>\$ 775,924</u>	<u>\$ 715,719</u>	<u>\$ 60,205</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,084,877	\$ 715,719
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		135,042
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	896,233	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(987,434)	
	<u>\$ 33,993,676</u>	<u>\$ 850,761</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		
	<u>\$ 33,993,676</u>	<u>\$ 850,761</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 31,464,028	\$ 715,719
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		135,042
		<u>135,042</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		
	<u>\$ 31,464,028</u>	<u>\$ 850,761</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April 2011. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest most specific level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last state aid payments for the current year. Since the State is recording the last state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Nonpublic Auxiliary Services Compensatory Education</u>	<u>Nonpublic Handicapped Services</u>		<u>Carl D. Perkins Secondary</u>	<u>I.D.E.A. Part B, Basic</u>	
		<u>Supplementary Instruction</u>	<u>Examination and Classification</u>		<u>FY11 Carryover</u>	<u>Part B, Basic FY12</u>
REVENUES:						
Local Sources						
State Sources	\$ 7,439	\$ 2,806	\$ 2,417			
Federal Sources				\$ 13,222	\$ 8,000	\$ 403,274
Total Revenues	<u>7,439</u>	<u>2,806</u>	<u>2,417</u>	<u>13,222</u>	<u>8,000</u>	<u>403,274</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers				3,200		
Purchased Professional and Technical Services	7,439	2,806	2,417			
Purchased Professional and Educational Services						
Other Purchased Professional Services						200,000
Other Purchased Services						
Tuition						100,000
General Supplies				5,530		
Textbooks						
Other Objects				3,500		
Total Instruction	<u>7,439</u>	<u>2,806</u>	<u>2,417</u>	<u>12,230</u>		<u>300,000</u>
Support Services:						
Salaries of Other Professional Staff				697		
Personal Services - Employee Benefits				295		
Purchased Professional and Technical Services						2,086
Purchased Professional and Educational Services						
Other Purchased Professional Services					8,000	101,188
Other Purchased Services						
Supplies and Materials						
Total Support Services				<u>992</u>	<u>8,000</u>	<u>103,274</u>
Total Expenditures	<u>\$ 7,439</u>	<u>\$ 2,806</u>	<u>\$ 2,417</u>	<u>\$ 13,222</u>	<u>\$ 8,000</u>	<u>\$ 403,274</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Local Donations	ARRA		Nonpublic Textbooks	Nonpublic Nursing
		Title I	I.D.E.A. Basic		
REVENUES:					
Local Sources	\$ 635				
State Sources				\$ 978	\$ 1,396
Federal Sources		\$ 10,443	\$ 73,699		
Total Revenues	635	10,443	73,699	978	1,396
EXPENDITURES:					
Instruction:					
Salaries of Teachers		3,368	15,000		
Purchased Professional and Technical Services					1,396
Purchased Professional and Educational Services					
Other Purchased Professional Services					
Other Purchased Services		2,400			
Tuition					
General Supplies	635		58,699		
Textbooks				978	
Other Objects					
Total Instruction	635	5,768	73,699	978	1,396
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional and Educational Services		4,675			
Other Purchased Professional Services					
Other Purchased Services					
Supplies and Materials					
Total Support Services		4,675			
Total Expenditures	\$ 635	\$ 10,443	\$ 73,699	\$ 978	\$ 1,396

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	No Child Left Behind			Totals 2012
	Title I FY12	Title IIA FY12	Title I FY11	
REVENUES:				
Local Sources				\$ 635
State Sources				15,036
Federal Sources	\$ 136,965	\$ 32,914	\$ 21,531	700,048
Total Revenues	<u>136,965</u>	<u>32,914</u>	<u>21,531</u>	<u>715,719</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	82,653	28,084		132,305
Purchased Professional and Technical Services				14,058
Purchased Professional and Educational Services	18,089		4,800	22,889
Other Purchased Professional Services				200,000
Other Purchased Services				2,400
Tuition				100,000
General Supplies	947		3,231	69,042
Textbooks				978
Other Objects				3,500
Total Instruction	<u>101,689</u>	<u>28,084</u>	<u>8,031</u>	<u>545,172</u>
Support Services:				
Salaries of Other Professional Staff				697
Personal Services - Employee Benefits	16,530	4,830		21,655
Purchased Professional and Technical Services				2,086
Purchased Professional and Educational Services	8,854		7,500	21,029
Other Purchased Professional Services				109,188
Other Purchased Services	3,000			3,000
Supplies and Materials	6,892		6,000	12,892
Total Support Services	<u>35,276</u>	<u>4,830</u>	<u>13,500</u>	<u>170,547</u>
Total Expenditures	<u>\$ 136,965</u>	<u>\$ 32,914</u>	<u>\$ 21,531</u>	<u>\$ 715,719</u>

WARREN HILLS REGIONAL BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOT APPLICABLE

CAPITAL PROJECTS FUND

Exhibit F-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenue and Other Financing Sources:	
Interest on Investments	\$ 107
Total Revenue and Other Financing Sources	<u>107</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	7,496
Construction Services	270,780
Other Objects	171
Transfer Out to Debt Service Fund:	
Interest on Investments	107
Unexpended Balance	<u>1,500,000</u>
Total Expenditures and Other Financing Uses	<u>1,778,554</u>
Deficit of Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	(1,778,447)
Fund Balance - Beginning of Year	<u>2,116,652</u>
Fund Balance - End of Year	<u>\$ 338,205</u>
<u>Recapitulation:</u>	
Restricted	\$ 96,181
Restricted - Year End Encumbrances	21,750
Committed	170,071
Committed - Year End Encumbrances	<u>50,203</u>
Total Fund Balance - Budgetary Basis	338,205
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	<u>(86,325)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 251,880</u>

Exhibit F-1A

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ADDITIONS TO THE MIDDLE AND HIGH SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 13,021,869		\$ 13,021,869	\$ 13,021,869
Bond Proceeds	23,775,000		23,775,000	23,775,000
Total Revenue and Other Financing Sources	36,796,869		36,796,869	36,796,869
Expenditures and Other Financing Uses:				
Legal Services	99,852		99,852	245,000
Purchased Professional and Technical Services	3,929,192	\$ 7,496	3,936,688	3,928,716
Construction Services	30,424,102	245,780	30,669,882	30,962,192
Equipment	493,416		493,416	55,000
Other Objects	43,921		43,921	105,961
Transfer to Debt Service Fund		1,500,000	1,500,000	1,500,000
Total Expenditures and Other Financing Uses	34,990,483	1,753,276	36,743,759	36,796,869
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ 1,806,386	\$ (1,753,276)	\$ 53,110	\$ -0-

Additional Project Information:

Project Numbers	5465-050-04-2000; 5465-060-04-3000
Grant Date	04/28/05; 04/29/05
Bond Authorization Date	12/14/04
Bonds Authorized	\$ 23,775,000
Bonds Issued	23,775,000
Original Authorized Cost	36,796,869
Additional Authorized Cost	-0-
Revised Authorized Cost	36,796,869
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99.9%
Original Target Completion Date	09/06
Revised Target Completion Date	12/12

Exhibit F-1B

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ATHLETIC FIELD COMPLEX
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Sale Proceeds	\$ 5,494,000		\$ 5,494,000	\$ 5,494,000
Total Revenue and Other Financing Sources	5,494,000		5,494,000	5,494,000
Expenditures:				
Legal Services	44,592		44,592	47,000
Purchased Professional and Technical Services	612,823		612,823	762,000
Construction Services	4,742,236	\$ 25,000	4,767,236	4,680,000
Other Objects	4,357	171	4,528	5,000
Total Expenditures	5,404,008	25,171	5,429,179	5,494,000
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 89,992	\$ (25,171)	\$ 64,821	\$ -0-

Additional Project Information:

Project Numbers	5465-050-08-2000
Bond Authorization Date	2/17/09
Bonds Authorized	\$ 5,494,000
Bonds Issued	5,494,000
Original Authorized Cost	5,494,000
Additional Authorized Cost	-0-
Revised Authorized Cost	5,494,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	98.8%
Original Target Completion Date	06/10
Revised Target Completion Date	12/12

Exhibit F-1C

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL PARTIAL RE-ROOFING PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 176,648		\$ 176,648	\$ 176,648
Transfer from Capital Outlay	230,000		230,000	230,000
Total Revenue and Other Financing Sources	<u>406,648</u>		<u>406,648</u>	<u>406,648</u>
Expenditures:				
Legal Services				3,500
Purchased Professional and Technical Services				33,000
Construction Services	186,374		186,374	320,948
Other Objects				49,200
Total Expenditures	<u>186,374</u>		<u>186,374</u>	<u>406,648</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 220,274</u>	<u>\$ -0-</u>	<u>\$ 220,274</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-10-2001
Grant Date	9/14/10
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 406,648
Additional Authorized Cost	-0-
Revised Authorized Cost	406,648
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	45.83%
Original Target Completion Date	12/10
Revised Target Completion Date	12/12

PROPRIETARY FUNDS

Exhibit G-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 382,304
Intergovernmental Accounts Receivable:	
State	152
Federal	3,481
Inventories	3,934

Total Current Assets	<u>389,871</u>
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Non-Current Assets:

Capital Assets	308,750
Less: Accumulated Depreciation	<u>(209,068)</u>

Total Non-Current Assets	<u>99,682</u>
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Total Assets	<u>489,553</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable - General Fund	3,448
Accounts Payable	35,228
Deferred Revenue	2,287

Total Liabilities	<u>40,963</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	99,682
Unrestricted	<u>348,908</u>

Total Net Assets	<u>\$ 448,590</u>
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Exhibit G-2

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 198,437
Daily Sales - Non-Reimbursable Programs	170,216
	<hr/>
Total Operating Revenue	368,653
	<hr/>
Operating Expenses:	
Cost of Sales	216,610
Salaries, Benefits and Payroll Taxes	211,490
Supplies, Insurance and Other Costs	55,386
Management Fee	13,029
Depreciation Expense	12,955
	<hr/>
Total Operating Expenses	509,470
	<hr/>
Operating Loss	(140,817)
Non-Operating Income:	
Local Sources:	
Interest Income	2,996
State Sources:	
State School Lunch Program	4,285
Federal Sources:	
National School Lunch Program	98,603
Food Distribution Program	13,338
	<hr/>
Total Non-Operating Income	119,222
	<hr/>
Change in Net Assets Before Other Special Items	(21,595)
Other Special Items:	
Reappraisal of Capital Assets	41,186
Deletion of Capital Assets, Net of Accumulated Depreciation	(1,580)
	<hr/>
Change in Net Assets	18,011
Net Assets - Beginning of Year	430,579
	<hr/>
Net Assets - End of Year	\$ 448,590
	<hr/>

Exhibit G-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 368,653
Payments to Food Service Contractor	(435,282)
Payments to Suppliers	(12,137)
	<hr/>
Net Cash Used for Operating Activities	(78,766)
	<hr/>
Cash Flows from Financing Activities:	
Interest Income	2,996
	<hr/>
Net Cash Provided by Financing Activities	2,996
	<hr/>
Cash Flows by Noncapital Financing Activities:	
Interfund Advanced - General Fund	3,448
State Sources	4,293
Federal Sources	98,410
	<hr/>
Net Cash Provided by Noncapital Financing Activities	106,151
	<hr/>
Net Increase in Cash and Cash Equivalents	30,381
	<hr/>
Cash and Cash Equivalents, July 1	351,923
	<hr/>
Cash and Cash Equivalents, June 30	\$ 382,304
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (140,817)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	12,955
Food Distribution Program	13,338
Changes in Assets and Liabilities:	
Increase in Deferred Revenue	490
Increase in Accounts Payable	35,228
Decrease in Inventory	40
	<hr/>
Net Cash Used for Operating Activities	\$ (78,766)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$13,828 and Utilized Commodities Valued at \$13,338.

FIDUCIARY FUNDS

Exhibit H-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 383,336	\$ 79,693	\$ 5,364	\$ 100	\$ 468,493
Investments			388,164		388,164
Total Assets	<u>383,336</u>	<u>79,693</u>	<u>393,528</u>	<u>100</u>	<u>856,657</u>
<u>LIABILITIES:</u>					
Interfund Payable - General Fund				100	100
Payroll Deductions and Withholdings	175,432				175,432
Due to Student Groups	207,904				207,904
Total Liabilities	<u>383,336</u>			<u>100</u>	<u>383,436</u>
<u>NET ASSETS:</u>					
Held in Trust for Unemployment Claims		79,693			79,693
Restricted for Scholarships			393,528		393,528
Total Net Assets	<u>\$ -0-</u>	<u>\$ 79,693</u>	<u>\$ 393,528</u>	<u>\$ -0-</u>	<u>\$ 473,221</u>

Exhibit H-2

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
ADDITIONS:			
Contributions:			
Plan Members	\$ 42,172		\$ 42,172
Budget Appropriation	150,361		150,361
Donations		\$ 483	483
Total Contributions	<u>192,533</u>	<u>483</u>	<u>193,016</u>
Investment Earnings:			
Interest		2,585	2,585
Net Investment Earnings		<u>2,585</u>	<u>2,585</u>
Total Additions	<u>192,533</u>	<u>3,068</u>	<u>195,601</u>
DEDUCTIONS:			
Quarterly Contribution Reports	25,818		25,818
Unemployment Claims	92,761		92,761
Scholarships Awarded		9,236	9,236
Total Deductions	<u>118,579</u>	<u>9,236</u>	<u>127,815</u>
Change in Net Assets	73,954	(6,168)	67,786
Net Assets - Beginning of the Year	<u>5,739</u>	<u>399,696</u>	<u>405,435</u>
Net Assets - End of the Year	<u>\$ 79,693</u>	<u>\$ 393,528</u>	<u>\$ 473,221</u>

Exhibit H-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 179,436	\$ 546,582	\$ 518,114	\$ 207,904
Total Assets	<u>\$ 179,436</u>	<u>\$ 546,582</u>	<u>\$ 518,114</u>	<u>\$ 207,904</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	<u>179,436</u>	<u>546,582</u>	<u>518,114</u>	<u>\$ 207,904</u>
Total Liabilities	<u>\$ 179,436</u>	<u>\$ 546,582</u>	<u>\$ 518,114</u>	<u>\$ 207,904</u>

Exhibit H-4

WARREN HILLS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	<u>\$ 148,417</u>	<u>\$ 18,874,117</u>	<u>\$ 18,847,102</u>	<u>\$ 175,432</u>
Total Assets	<u>\$ 148,417</u>	<u>\$ 18,874,117</u>	<u>\$ 18,847,102</u>	<u>\$ 175,432</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	<u>\$ 148,417</u>	<u>\$ 18,874,117</u>	<u>\$ 18,847,102</u>	<u>\$ 175,432</u>
Total Liabilities	<u>\$ 148,417</u>	<u>\$ 18,874,117</u>	<u>\$ 18,847,102</u>	<u>\$ 175,432</u>

LONG-TERM DEBT

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance July 1, 2011	Issued	Matured/Defeased	Balance June 30, 2012
			Date	Amount					
2005 School Bonds	03/01/05	\$ 23,775,000	2/15/13	\$ 800,000	4.00%	\$ 21,975,000		\$ 20,325,000	\$ 1,650,000
			2/15/14	850,000	4.00%				
2009 School Bonds	03/19/09	5,494,000	2/15/13	320,000	3.50%				
			2/15/14	330,000	3.75%				
			2/15/15	345,000	3.75%				
			2/15/16	360,000	3.75%				
			2/15/17	370,000	3.75%				
			2/15/18	385,000	3.75%				
			2/15/19	400,000	3.75%				
			2/15/20	420,000	3.75%				
			2/15/21	435,000	4.00%				
			2/15/22	450,000	4.00%				
			2/15/23	470,000	4.00%				
			2/15/24	489,000	4.13%				
2012 Refunding Bond	06/06/12	17,335,000	2/15/13	130,000	3.00%				
			2/15/15	840,000	3.00%				
			2/15/16	925,000	4.00%				
			2/15/17	995,000	4.00%				
			2/15/18	1,115,000	4.00%				
			2/15/19	1,165,000	5.00%				
			2/15/20	1,270,000	4.25%				
			2/15/21	1,330,000	5.00%				
			2/15/22	1,405,000	5.00%				
2/15/23	1,480,000	5.00%							

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2012		Interest Rate	Balance July 1, 2011	Issued	Matured/Defeased	Balance June 30, 2012
			Date	Amount					
2012 Refunding Bond	06/06/12	\$ 17,335,000	2/15/24	\$ 1,565,000	4.00%				
			2/15/25	1,635,000	4.00%				
			2/15/26	1,705,000	4.00%				
			2/15/27	1,775,000	4.00%				
									\$ 17,335,000
						<u>\$ 27,054,000</u>	<u>\$ 17,335,000</u>	<u>\$ 20,630,000</u>	<u>\$ 23,759,000</u>
							Refunded	\$ 19,625,000	
							Matured	1,005,000	
								<u>\$ 20,630,000</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,930,302		\$ 1,930,302	\$ 1,930,302	
State Sources:					
Debt Service Aid - Type II	16,945		16,945	16,945	
Total Revenues	<u>1,947,247</u>		<u>1,947,247</u>	<u>1,947,247</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	1,092,247		1,092,247	1,092,246	\$ 1
Redemption of Principal	1,005,000		1,005,000	1,005,000	
Total Regular Debt Service	<u>2,097,247</u>		<u>2,097,247</u>	<u>2,097,246</u>	<u>1</u>
Total Expenditures	<u>2,097,247</u>		<u>2,097,247</u>	<u>2,097,246</u>	<u>1</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(150,000)		(150,000)	(149,999)	1
Other Financing Sources/(Uses):					
Contribution for Bond Refunding				(1,500,000)	(1,500,000)
Long Term Debt Issued				17,335,000	17,335,000
Bond Premium				2,484,721	2,484,721
Serial Bonds Defeased				(19,625,000)	(19,625,000)
Bond Issuance Costs				(165,213)	(165,213)
Deferred Interest				(1,529,508)	(1,529,508)
Debt Service Contribution				1,500,000	1,500,000
Transfer from Capital Projects Fund				1,500,000	1,500,000
Capital Projects Fund - Interest Earned				107	107
Total Other Financing Sources/(Uses)				<u>107</u>	<u>107</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under)					
Expenditures and Other Financing Uses	\$ (150,000)		\$ (150,000)	\$ (149,892)	\$ 108
Fund Balance, July 1	<u>220,094</u>		<u>220,094</u>	<u>220,094</u>	
Fund Balance, June 30	<u>\$ 70,094</u>	<u>\$ -0-</u>	<u>\$ 70,094</u>	<u>\$ 70,202</u>	<u>\$ 108</u>
 <u>Recapitulation:</u>					
Restricted - Designated for Subsequent Year's Expenditures				\$ 70,094	
Restricted				<u>108</u>	
				<u>\$ 70,202</u>	

Exhibit I-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Balance June 30, 2012</u>
175 MacBooks Pro 5-pack with Apple Care	2.97%	\$ 194,250	\$ 194,250	\$ 194,250
			<u>\$ 194,250</u>	<u>\$ 194,250</u>

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 2,131,318	\$ 3,027,096	\$ 6,075,999	\$ 12,115,750	\$ 17,929,501	\$ 20,519,431	\$ 21,898,013	\$ 24,288,636
Restricted	4,182,200	5,711,870	6,649,177	6,526,015	6,398,143	5,541,099	6,438,182	8,952,163
Unrestricted/(Deficit)	82,295	(314,832)	(628,284)	(463,879)	(719,159)	(503,822)	807,416	(989,884)
Total Governmental Activities Net Assets	\$ 6,395,813	\$ 8,424,134	\$ 12,096,892	\$ 18,177,886	\$ 23,608,485	\$ 25,556,708	\$ 29,143,611	\$ 32,250,915
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt	\$ 36,761	\$ 31,599	\$ 35,202	\$ 27,452	\$ 22,657	\$ 84,157	\$ 73,031	\$ 99,682
Unrestricted	272,861	289,912	354,622	366,860	328,125	348,987	357,548	348,908
Total Business-Type Activities Net Assets	\$ 309,622	\$ 321,511	\$ 389,824	\$ 394,312	\$ 350,782	\$ 433,144	\$ 430,579	\$ 448,590
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 2,168,079	\$ 3,058,695	\$ 6,111,201	\$ 12,143,202	\$ 17,952,158	\$ 20,603,588	\$ 21,971,044	\$ 24,388,318
Restricted	4,182,200	5,711,870	6,649,177	6,526,015	6,398,143	5,541,099	6,438,182	8,952,163
Unrestricted/(Deficit)	355,156	(24,920)	(273,662)	(97,019)	(391,034)	(154,835)	1,164,964	(640,976)
Total District Net Assets	\$ 6,705,435	\$ 8,745,645	\$ 12,486,716	\$ 18,572,198	\$ 23,959,267	\$ 25,989,852	\$ 29,574,190	\$ 32,699,505

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:								
Governmental Activities:								
Instruction								
Regular	\$ 11,484,538	\$ 12,050,096	\$ 12,995,756	\$ 13,470,250	\$ 12,950,750	\$ 13,404,321	\$ 12,723,928	\$ 13,383,918
Special Education	3,089,352	3,378,132	3,772,154	4,116,081	4,260,552	3,811,996	4,276,293	3,802,058
Other Special Education	208,627	225,677	230,263	209,533	279,110	154,162	134,947	143,352
Other Instruction	1,034,512	1,145,488	1,129,375	1,289,756	1,251,581	1,344,662	1,212,406	1,359,415
Support Services:								
Tuition	1,197,261	1,300,367	1,326,291	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266
Student & Instruction Related Services	3,233,437	3,749,059	3,742,207	3,948,589	3,803,915	4,151,207	3,539,844	3,945,711
General Administrative Services	764,203	649,594	1,896,154	757,211	694,896	665,721	676,078	631,931
School Administrative Services	1,909,049	1,716,694	1,302,829	2,047,469	1,797,923	1,831,423	1,634,343	1,611,543
Central Services	454,734	475,084	471,231	495,473	490,597	502,350	520,993	528,758
Administrative Information Technology	412,622	404,328	566,610	550,227	620,060	602,902	503,682	551,563
Plant Operations And Maintenance	2,506,607	2,527,513	2,594,126	3,010,534	3,168,631	3,441,414	3,022,276	2,803,793
Pupil Transportation	1,604,791	1,679,466	1,633,993	1,763,923	1,786,098	1,515,001	1,683,674	1,438,029
Capital Outlay	894,037		99,148	13,385	2,974	5,707	142,475	316,126
Interest On Long-Term Debt	459,340	1,085,432	1,057,518	1,027,278	965,859	1,162,752	1,126,169	807,376
Transfer of Funds to Charter School		8,638	20,499		15,919	20,632		
Unallocated Depreciation	387,587	281,972	297,852	491,430	397,090	445,996	382,320	316,768
Total Governmental Activities Expenses	29,640,697	30,677,540	33,136,006	34,742,268	34,277,433	34,769,667	32,785,759	32,713,607
Business-Type Activities:								
Food Service	529,364	569,724	502,077	517,592	561,547	493,355	467,434	509,470
Total Business-Type Activities Expense	529,364	569,724	502,077	517,592	561,547	493,355	467,434	509,470
Total District Expenses	\$ 30,170,061	\$ 31,247,264	\$ 33,638,083	\$ 35,259,860	\$ 34,838,980	\$ 35,263,022	\$ 33,253,193	\$ 33,223,077

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Program Revenues								
Governmental Activities:								
Charges For Services:								
Pupil Transportation	\$ 324,143	\$ 318,991	\$ 304,198	\$ 298,409	\$ 272,787	\$ 312,493	\$ 238,177	\$ 225,221
Operating Grants and Contributions	4,396,331	4,728,881	5,758,983	5,800,953	4,672,964	4,641,021	4,487,590	4,832,765
Capital Grants and Contributions						1,734,177	674,683	90,323
Total Governmental Activities Program Revenues	<u>4,720,474</u>	<u>5,047,872</u>	<u>6,063,181</u>	<u>6,099,362</u>	<u>4,945,751</u>	<u>6,687,691</u>	<u>5,400,450</u>	<u>5,148,309</u>
Business-Type Activities:								
Charges for Services								
Food Service	482,956	482,276	456,713	423,208	418,037	392,467	353,609	368,653
Operating Grants and Contributions	87,716	89,743	91,243	90,420	97,610	112,888	111,117	116,226
Total Business Type Activities Program Revenues	<u>570,672</u>	<u>572,019</u>	<u>547,956</u>	<u>513,628</u>	<u>515,647</u>	<u>505,355</u>	<u>464,726</u>	<u>484,879</u>
Total District Program Revenues	<u>\$ 5,291,146</u>	<u>\$ 5,619,891</u>	<u>\$ 6,611,137</u>	<u>\$ 6,612,990</u>	<u>\$ 5,461,398</u>	<u>\$ 7,193,046</u>	<u>\$ 5,865,176</u>	<u>\$ 5,633,188</u>
Net (Expense)/Revenue								
Governmental Activities	\$ (24,920,223)	\$ (25,629,668)	\$ (27,072,825)	\$ (28,642,906)	\$ (29,331,682)	\$ (28,081,976)	\$ (27,385,309)	\$ (27,565,298)
Business-Type Activities	41,308	2,295	45,879	(3,964)	(45,900)	12,000	(2,708)	(24,591)
Total District-Wide Net Expense	<u>\$ (24,878,915)</u>	<u>\$ (25,627,373)</u>	<u>\$ (27,026,946)</u>	<u>\$ (28,646,870)</u>	<u>\$ (29,377,582)</u>	<u>\$ (28,069,976)</u>	<u>\$ (27,388,017)</u>	<u>\$ (27,589,889)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied for General Purposes, Net	\$ 14,738,387	\$ 15,192,140	\$ 16,916,300	\$ 17,601,422	\$ 17,573,824	\$ 18,305,479	\$ 18,537,698	\$ 18,658,452
Taxes Levied for Debt Service	451,114	1,503,655	1,466,725	1,688,987	1,479,966	1,590,130	1,779,464	1,930,302
Tuition Charges	1,037,829	1,217,868	1,316,884	1,549,381	1,364,420	1,624,904	2,055,177	1,859,394
Federal and State Aid not Restricted	8,634,865	8,325,165	9,470,598	13,455,627	14,115,507	8,250,862	8,491,627	9,050,371
Investment Earnings	274,616	925,911	1,102,621	364,990	93,359	32,466	20,223	72,145
Miscellaneous Income	91,959	220,351	122,353	63,493	135,205	96,710	88,023	163,141
Reappraisal of Assets		272,899				129,648		438,797
Contribution for Bond Refunding								(1,500,000)
Transfers	126,033							
Total Governmental Activities	<u>25,354,803</u>	<u>27,657,989</u>	<u>30,395,481</u>	<u>34,723,900</u>	<u>34,762,281</u>	<u>30,030,199</u>	<u>30,972,212</u>	<u>30,672,602</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Business-Type Activities:								
Investment Earnings	\$ 3,696	\$ 9,594	\$ 13,956	\$ 10,372	\$ 2,370	\$ 445	\$ 143	\$ 2,996
Deletion of Capital Assets, Net of Accumulated Depreciation				(1,920)				(1,580)
Reappraisal of Assets						69,917		41,186
Total Business-Type Activities	<u>3,696</u>	<u>9,594</u>	<u>13,956</u>	<u>8,452</u>	<u>2,370</u>	<u>70,362</u>	<u>143</u>	<u>42,602</u>
Total District-Wide	<u>\$ 25,358,499</u>	<u>\$ 27,667,583</u>	<u>\$ 30,409,437</u>	<u>\$ 34,732,352</u>	<u>\$ 34,764,651</u>	<u>\$ 30,100,561</u>	<u>\$ 30,972,355</u>	<u>\$ 30,715,204</u>
Change in Net Assets								
Governmental Activities	\$ 434,580	\$ 2,028,321	\$ 3,322,656	\$ 6,080,994	\$ 5,430,599	\$ 1,948,223	\$ 3,586,903	\$ 3,107,304
Business-Type Activities	45,004	11,889	59,835	4,488	(43,530)	82,362	(2,565)	18,011
Total District	<u>\$ 479,584</u>	<u>\$ 2,040,210</u>	<u>\$ 3,382,491</u>	<u>\$ 6,085,482</u>	<u>\$ 5,387,069</u>	<u>\$ 2,030,585</u>	<u>\$ 3,584,338</u>	<u>\$ 3,125,315</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
General Fund								
Reserved/Restricted	\$ 4,165,965	\$ 5,377,148	\$ 5,809,890	\$ 5,597,991	\$ 5,625,897	\$ 4,855,188	\$ 6,174,462	\$ 8,748,012
Assigned							1,194,333	1,501,554
Unassigned							156,873	
Unreserved	544,308	519,738	128,356	342,212	57,857	118,800		
Total General Fund	<u>\$ 4,710,273</u>	<u>\$ 5,896,886</u>	<u>\$ 5,938,246</u>	<u>\$ 5,940,203</u>	<u>\$ 5,683,754</u>	<u>\$ 4,973,988</u>	<u>\$ 7,525,668</u>	<u>\$ 10,249,566</u>
All Other Governmental Funds								
Reserved/Restricted	\$ 4,680	\$ 2,568,344	\$ 63,418	\$ 112,915	\$ 25,244	\$ 276,419	\$ 2,116,472	\$ 188,133
Committed							43,626	133,949
Unreserved/Unassigned, Reported In:								
Special Revenue Fund (Deficit)			(1,305)	(2,497)				
Capital Projects Fund	22,561,258	17,736,823	8,112,063	841,772	6,629,505	3,770,753		
Debt Service Fund	198,968	178,388	901,219	1,033,848	772,246	444,515		
Total All Other Governmental Funds	<u>\$ 22,764,906</u>	<u>\$ 20,483,555</u>	<u>\$ 9,075,395</u>	<u>\$ 1,986,038</u>	<u>\$ 7,426,995</u>	<u>\$ 4,491,687</u>	<u>\$ 2,160,098</u>	<u>\$ 322,082</u>
Total All Funds:								
Reserved/Restricted	\$ 4,170,645	\$ 7,945,492	\$ 5,873,308	\$ 5,710,906	\$ 5,651,141	\$ 5,131,607	\$ 8,290,934	\$ 8,936,145
Committed							43,626	133,949
Assigned							1,194,333	1,501,554
Unassigned							156,873	
Unreserved	23,304,534	18,434,949	9,140,333	2,215,335	7,459,608	4,334,068		
Total All Governmental Funds	<u>\$ 27,475,179</u>	<u>\$ 26,380,441</u>	<u>\$ 15,013,641</u>	<u>\$ 7,926,241</u>	<u>\$ 13,110,749</u>	<u>\$ 9,465,675</u>	<u>\$ 9,685,766</u>	<u>\$ 10,571,648</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Revenues								
Tax Levy	\$ 15,189,501	\$ 16,695,795	\$ 18,383,025	\$ 19,290,409	\$ 19,053,790	\$ 19,895,609	\$ 20,317,162	\$ 20,588,754
Tuition Charges	1,037,829	1,217,868	1,316,884	1,549,381	1,364,420	1,624,904	2,055,177	1,859,394
Transportation Fees from Individuals	32,850							
Transportation Fees from Other LEAs	291,293	318,991	304,198	298,409	272,787	312,493	238,177	225,221
Interest Earnings	25,234	54,756	56,946	38,496	17,557	10,211	5,156	19,538
Other Restricted Miscellaneous Revenue	16,951	14,965	13,680	15,775	7,955	11,804	25,319	39,805
Unrestricted Miscellaneous Revenue	324,390	1,076,541	1,154,348	374,212	203,052	107,161	78,427	177,078
State Sources	12,485,782	12,470,059	14,597,571	18,697,381	18,213,635	12,204,734	12,749,581	12,761,047
Federal Sources	545,414	583,987	632,010	559,199	574,836	2,421,326	903,663	1,211,277
Total Revenue	29,949,244	32,432,962	36,458,662	40,823,262	39,708,032	36,588,242	36,372,662	36,882,114
Expenditures								
Instruction								
Regular Instruction	8,730,182	9,026,560	9,029,694	9,563,783	9,348,698	9,760,517	8,974,026	9,171,438
Special Education Instruction	2,490,173	2,699,273	2,881,192	3,160,958	3,363,277	3,014,955	3,228,870	2,742,803
Other Special Instruction	152,861	172,743	157,472	141,798	201,510	110,690	92,591	96,085
Other Instruction	862,831	899,950	949,776	1,037,461	1,095,397	1,123,489	990,237	1,100,377
Support Services:								
Tuition	1,197,261	1,300,367	1,326,291	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266
Student & Instruction Related Services	2,552,501	2,892,450	2,831,081	2,859,740	2,948,014	3,199,499	2,636,131	3,004,432
School Administration Services	1,397,703	1,266,392	1,193,104	1,416,453	597,500	557,986	571,634	514,378
General Administration Services	676,808	555,969	1,362,502	651,119	1,370,340	1,349,438	1,173,674	1,128,760
Central Services	349,401	345,273	353,454	369,428	371,915	377,222	371,668	377,144
Administrative Information Technology	357,034	313,549	451,549	489,991	546,395	516,377	446,849	483,817
Plant Operations And Maintenance	2,155,799	2,077,878	2,266,840	2,664,015	2,787,643	3,071,901	2,597,386	2,395,061
Pupil Transportation	1,586,038	1,652,425	1,605,453	1,727,714	1,747,635	1,478,685	1,642,067	1,401,887
Unallocated Benefits	5,406,803	5,938,913	7,297,301	7,444,204	6,648,931	6,895,538	7,145,792	7,710,035
Capital Outlay	2,402,463	2,502,782	14,040,135	12,728,157	4,988,503	4,898,588	3,043,394	1,393,753
Transfer of Funds to Charter School		8,638	20,499		15,919	20,632		

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Expenditures (Cont'd)								
Debt Service:								
Principal	\$ 675,000	\$ 845,000	\$ 1,015,000	\$ 1,090,000	\$ 1,215,000	\$ 1,015,000	\$ 905,000	\$ 1,005,000
Interest And Other Charges	123,113	1,029,538	1,044,119	1,014,712	979,369	1,133,378	1,126,921	1,092,246
Total Expenditures	<u>31,115,971</u>	<u>33,527,700</u>	<u>47,825,462</u>	<u>47,910,662</u>	<u>40,017,524</u>	<u>40,233,316</u>	<u>36,152,571</u>	<u>34,690,482</u>
Excess (Deficiency) Of Revenues								
Over (Under) Expenditures	<u>(1,166,727)</u>	<u>(1,094,738)</u>	<u>(11,366,800)</u>	<u>(7,087,400)</u>	<u>(309,492)</u>	<u>(3,645,074)</u>	<u>220,091</u>	<u>2,191,632</u>
Other Financing Sources/(Uses)								
Bond Sale Proceeds	23,775,000				5,494,000			
Contribution for Bond Refunding								(1,500,000)
Long Term Debt Issued								17,335,000
Bond Premium								2,484,721
Serial Bonds Defeased								(19,625,000)
Bond Issuance Costs								(165,213)
Deferred Interest								(1,529,508)
Debt Service Contribution								1,500,000
Capital Leases (Non-Budgeted)								194,250
Transfers In	487,118	870,946	900,103	230,799	48,031	366,565	77,690	1,500,107
Transfers Out	<u>(361,085)</u>	<u>(870,946)</u>	<u>(900,103)</u>	<u>(230,799)</u>	<u>(48,031)</u>	<u>(366,565)</u>	<u>(77,690)</u>	<u>(1,500,107)</u>
Total Other Financing Sources/(Uses)	<u>23,901,033</u>				<u>5,494,000</u>			<u>(1,305,750)</u>
Net Change In Fund Balances	<u>\$ 22,734,306</u>	<u>\$ (1,094,738)</u>	<u>\$ (11,366,800)</u>	<u>\$ (7,087,400)</u>	<u>\$ 5,184,508</u>	<u>\$ (3,645,074)</u>	<u>\$ 220,091</u>	<u>\$ 885,882</u>
Debt Service As A Percentage Of								
Noncapital Expenditures	<u>2.78%</u>	<u>6.04%</u>	<u>6.09%</u>	<u>5.98%</u>	<u>6.26%</u>	<u>6.08%</u>	<u>6.14%</u>	<u>6.30%</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year Ending June 30	Tuition	Transportation Fees	Interest on Investments	Reimburse- ments	Use of Facilities/ Rentals	Miscellaneous	Total
2003	\$ 921,169	\$ 208,912	\$ 50,536	\$ 48,301	\$ 76,018	\$ 65,425	\$ 1,370,361
2004	990,517	266,798	41,465		13,343	73,365	1,385,488
2005	1,037,829	324,143	103,855	50,000	16,951	17,719	1,550,497
2006	1,217,868	318,991	205,712		14,965	54,430	1,811,966
2007	1,316,884	304,198	202,389		13,680	108,673	1,945,824
2008	1,549,381	298,409	168,629		15,775	47,718	2,079,912
2009	1,364,420	272,787	54,961		7,955	127,250	1,827,373
2010	1,624,904	312,493	26,350		11,804	84,906	2,060,457
2011	2,055,177	238,177	19,644		25,319	62,704	2,401,021
2012	1,859,394	225,221	72,145		39,805	123,229	2,319,794

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST EIGHT YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Franklin Township</u>													
2004	\$ 6,446,100	\$ 281,424,600	\$ 45,455,700	\$ 5,214,055	\$ 33,094,200	\$ 25,757,900	\$ 617,500	\$ 398,010,055	\$ 35,164,400	\$ 1,171,527	\$ 399,181,582	\$ 0.62	\$ 349,150,651
2005	6,415,300	282,125,400	45,366,500	5,195,405	32,808,300	26,257,900	306,300	398,475,105	36,158,800	1,081,481	399,556,586	0.65	376,241,297
2006	6,750,600	284,086,600	46,589,100	5,198,525	32,616,800	28,866,100	306,300	404,414,025	35,866,000	1,053,317	405,467,342	0.67	415,037,931
2007	6,937,700	288,425,300	47,296,000	5,121,825	32,616,800	28,866,100	306,300	409,570,025	36,360,100	966,940	410,536,965	0.75	462,428,482
2008	6,012,600	292,976,100	48,390,200	5,110,225	32,985,700	31,274,600	306,300	417,055,725	36,360,100	949,522	418,005,247	0.75	482,869,453
2009	6,267,600	294,741,100	48,434,700	5,055,805	33,199,300	31,199,800	306,300	419,204,605	37,255,420	969,682	420,174,287	0.80	468,160,765
2010	5,875,000	294,234,600	51,517,400	5,093,305	33,139,800	31,199,800	306,300	421,366,205	37,813,920	1,010,638	422,376,843	0.87	473,343,816
2011	6,258,200	291,200,700	53,529,700	5,029,405	32,839,800	31,024,800	306,300	420,188,905	38,584,420	942,686	421,131,591	0.89	444,729,171
<u>Mansfield Township</u>													
2004	\$ 19,664,400	\$ 421,042,700	\$ 46,883,300	\$ 2,706,000	\$ 80,815,900	\$ 16,107,900	\$ 51,416,800	\$ 638,637,000	\$ 58,278,550	\$ 2,123,585	\$ 640,760,585	\$ 0.75	\$ 649,351,379
2005	15,322,700	424,186,900	48,128,800	2,825,200	83,240,900	16,513,100	49,489,900	639,707,500	58,113,350	1,825,320	641,532,820	0.80	710,780,165
2006	15,310,000	425,474,200	50,163,600	2,759,200	83,783,000	16,101,700	49,489,900	643,081,600	59,999,250	1,413,210	644,494,810	0.89	809,886,920
2007	13,502,500	429,716,900	50,595,400	2,751,200	89,207,400	16,054,300	49,799,900	651,627,600	61,385,450	1,333,868	652,961,468	0.87	876,205,197
2008	15,458,200	431,684,500	50,829,400	2,668,700	94,972,200	16,094,300	49,799,900	661,507,200	63,116,650	1,304,575	662,811,775	0.86	949,452,468
2009	13,896,400	431,329,200	51,820,800	3,612,000	94,831,500	16,094,300	49,799,900	661,384,100	63,590,580	1,335,310	662,719,410	0.91	905,107,088
2010	12,975,500	430,605,100	51,652,000	2,903,275	95,113,500	16,100,300	40,656,000	650,005,675	64,961,380	1,434,922	651,440,597	0.89	891,558,434
2011	12,083,200	430,604,600	51,652,000	2,959,050	95,234,500	16,100,300	40,656,000	649,289,650	65,924,380	1,262,054	650,551,704	0.90	837,465,335
<u>Washington Borough</u>													
2004	\$ 3,724,800	\$ 268,099,760	\$ 437,600	\$ 5,300	\$ 49,676,400	\$ 17,991,300	\$ 25,776,600	\$ 365,711,760	\$ 28,821,025	\$ 3,604,739	\$ 369,316,499	\$ 0.85	\$ 403,031,904
2005	3,672,800	276,846,160	437,600	5,300	49,158,100	16,803,900	23,983,000	370,906,860	29,519,425	3,148,433	374,055,293	1.00	456,296,267
2006	3,297,700	279,454,560	437,600	5,300	49,213,100	16,803,900	23,983,000	373,195,160	29,951,425	2,732,758	375,927,918	1.08	511,173,796
2007	5,960,300	282,165,460	437,600	5,300	48,804,000	16,823,900	23,083,000	377,279,560	30,395,825	2,062,147	379,341,707	1.14	575,868,580
2008	9,560,900	283,120,160	437,600	5,300	48,586,900	16,823,900	22,783,000	381,317,760	29,975,825	2,045,030	383,362,790	1.10	595,390,516
2009	8,457,100	278,216,160	437,600	5,300	48,064,100	16,823,900	22,283,000	374,287,160	33,852,325	2,099,466	376,386,626	1.11	583,997,868
2010	6,827,300	278,559,460	437,600	5,300	47,575,200	16,823,900	21,890,900	372,119,660	32,932,625	2,133,964	374,253,624	1.12	583,927,229
2011	5,350,500	278,666,860	437,600	5,300	47,429,000	16,323,400	21,890,900	370,103,560	31,906,225	2,045,901	372,149,461	1.14	577,042,195
<u>Washington Township</u>													
2004	\$ 26,694,000	\$ 481,071,299	\$ 21,021,700	\$ 2,581,575	\$ 62,827,800	\$ 4,014,200	\$ 1,880,300	\$ 600,090,874	\$ 53,391,248	\$ 2,586,494	\$ 602,677,368	\$ 0.81	\$ 613,917,480
2005	19,982,500	508,931,299	21,757,600	2,527,750	66,999,100	3,807,200	1,880,300	625,885,749	54,149,448	1,775,614	627,661,363	0.84	683,634,930
2006	14,628,800	536,884,999	22,414,900	2,476,950	64,846,300	3,501,200	1,880,300	646,633,449	55,711,348	1,583,521	648,216,970	0.91	775,005,637
2007	12,837,300	549,201,899	22,711,000	2,359,325	66,817,300	3,501,200	1,880,300	659,308,324	58,981,148	1,609,231	660,917,555	0.94	868,978,308
2008	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	666,494,524	57,633,148	1,451,823	667,946,347	0.89	916,654,088
2009	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	671,151,749	57,381,248	1,532,660	672,684,409	0.94	903,417,149
2010	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	672,727,351	57,198,448	1,538,722	674,266,073	0.99	907,913,314
2011	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	676,679,951	57,883,448	1,351,053	678,031,004	1.00	870,082,342

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessors

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

TOWNSHIP OF FRANKLIN								
Warren Hills Regional Board of Education								
Year Ended December 31,	Direct Rate			Local School District	Overlapping Rates		Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Township of Franklin	Warren County		
2002	\$ 0.88	\$ 0.04	\$ 0.92	\$ 1.13	\$ 0.16	\$ 0.82	\$ 3.03	
2003	0.88	0.03	0.91	1.16	0.16	0.80	3.03	
2004	* 0.60	0.02	0.62	0.77	0.12	0.59	2.10	
2005	0.59	0.06	0.65	0.80	0.17	0.61	2.23	
2006	0.62	0.05	0.67	0.86	0.18	0.64	2.35	
2007	0.68	0.07	0.75	0.91	0.18	0.69	2.52	
2008	0.69	0.06	0.75	0.96	0.20	0.70	2.61	
2009	0.74	0.06	0.80	0.94	0.23	0.69	2.66	
2010	0.80	0.08	0.87	0.95	0.24	0.69	2.75	
2011	0.81	0.08	0.89	0.96	0.24	0.67	2.76	

* Revaluation year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

TOWNSHIP OF MANSFIELD

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Township of Mansfield			
2002	\$ 1.16	\$ 0.05	\$ 1.20	\$ 1.18	\$ 0.52	\$ 1.01	\$ 3.91	
2003	* 0.69	0.03	0.72	0.67	0.29	0.54	2.22	
2004	0.73	0.02	0.75	0.66	0.33	0.67	2.42	
2005	0.72	0.07	0.80	0.70	0.33	0.70	2.54	
2006	0.82	0.07	0.89	0.75	0.34	0.78	2.76	
2007	0.79	0.08	0.87	0.74	0.36	0.82	2.78	
2008	0.80	0.07	0.86	0.75	0.39	0.87	2.88	
2009	0.83	0.07	0.91	0.73	0.45	0.89	2.98	
2010	0.81	0.08	0.89	0.78	0.52	0.84	3.03	
2011	0.81	0.08	0.90	0.80	0.56	0.82	3.07	

* Revaluation year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

BOROUGH OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Borough of Washington	Warren County		
2002	\$ 0.98	\$ 0.04	\$ 1.02	\$ 1.12	\$ 0.87	\$ 0.75	\$ 3.76	
2003	* 0.78	0.03	0.81	0.93	0.70	0.60	3.05	
2004	0.82	0.03	0.85	0.93	0.76	0.67	3.20	
2005	0.91	0.09	1.00	0.94	0.85	0.72	3.51	
2006	0.99	0.09	1.08	0.94	0.93	0.78	3.72	
2007	1.04	0.10	1.14	0.98	1.00	0.85	3.97	
2008	1.02	0.09	1.10	1.00	1.05	0.86	4.03	
2009	1.02	0.09	1.11	1.06	1.24	0.86	4.27	
2010	1.02	0.10	1.12	1.08	1.42	0.87	4.49	
2011	1.03	0.11	1.14	1.12	1.50	0.91	4.67	

* Revaluation year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

TOWNSHIP OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County	
	Basic Rate ^a	Debt Service ^b	Total Direct		Township of Washington			
2002	\$ 1.00	\$ 0.04	\$ 1.04	\$ 0.90	\$ 0.38	\$ 0.78	\$ 3.10	
2003	* 0.88	0.03	0.91	0.72	0.37	0.63	2.62	
2004	0.79	0.02	0.81	0.70	0.36	0.68	2.55	
2005	0.76	0.08	0.84	0.70	0.38	0.70	2.62	
2006	0.84	0.07	0.91	0.74	0.40	0.74	2.78	
2007	0.86	0.08	0.94	0.76	0.42	0.80	2.92	
2008	0.82	0.07	0.89	0.73	0.45	0.83	2.91	
2009	0.87	0.08	0.94	0.74	0.47	0.84	3.00	
2010	0.90	0.09	0.99	0.77	0.50	0.83	3.08	
2011	0.91	0.09	1.00	0.78	0.55	0.81	3.15	

* Revaluation year.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Franklin

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 17,917,900	1	4.25%
ISE America	9,981,100	2	2.37%
Franklin Realty Group LLC	9,275,200	3	2.20%
The Franklin Realty Group LLC	5,958,100	4	1.41%
Viking Development Company, LLC	2,313,400	5	0.55%
J.W.D. Farms, LLC	1,950,700	6	0.46%
Elizabethtown Gas Company	1,451,700	7	0.34%
Individual Taxpayer #1	1,290,600	8	0.31%
Victaulic Reh, LLC	1,122,300	9	0.27%
Individual Taxpayer #2	1,109,100	10	0.26%
Total	<u>\$ 52,370,100</u>		<u>12.44%</u>

Taxpayer	2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
ISE America	\$ 8,949,700	1	4.09%
Transcontinental Gas	4,909,436	2	2.24%
Franklin Realty Group	3,878,400	3	1.77%
Toll - NJ III, LP	3,059,400	4	1.40%
United Jersey Project	1,889,400	5	0.86%
Elizabethtown Gas	1,141,500	6	0.52%
New Jersey Bell	1,120,468	7	0.51%
Asbury Graphite	979,600	8	0.45%
Mindel Trust	826,100	9	0.38%
Apex Victaulic	750,000	10	0.34%
Total	<u>\$ 27,504,004</u>		<u>12.55%</u>

Note: There was a revaluation of property in 2003.

Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Mansfield

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Plaza, LLC	\$ 45,104,808	1	6.93%
Green Eagle Property	26,000,000	2	4.00%
Mansfield Plaza Associates, LLC	14,149,800	3	2.18%
Middlebury Associates	14,000,000	4	2.15%
Borealis Compounds, LLC	6,560,900	5	1.01%
NYK Logistics (Americas) Inc	3,611,800	6	0.56%
Mansfield Commons II, LLC	3,324,900	7	0.51%
Sarva Mangal, LLC	3,077,900	8	0.47%
Eden Mansfield, LLC	2,667,600	9	0.41%
The Shoppes at Mansfield, LLC	2,653,900	10	0.41%
Total	\$ 121,151,608		18.62%

Taxpayer	2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Plaza, LLC	\$ 19,888,000	1	5.86%
Green Eagle Property Res.	15,000,000	2	4.42%
Mansfield Plaza, LLC	11,450,000	3	3.37%
Middlebury Associates	9,100,000	4	2.68%
Mansfield Plaza Associates, LLC	7,250,000	5	2.14%
Borealis Compounds	4,200,000	6	1.24%
NYK Logistics Inc.	3,000,000	7	0.88%
Verizon New Jersey	1,353,934	8	0.40%
Mian Realty, LLC	1,215,000	9	0.36%
Tahoe Partners	1,105,100	10	0.33%
Total	\$ 73,562,034		21.67%

Note: There was a revaluation of property in 2003.
Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Borough of Washington

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 7,000,000	1	1.88%
BASF Corporation Tax Dept.	4,722,000	2	1.27%
Twist Beauty Packaging	4,020,100	3	1.08%
Washington Gardens LLC	3,990,000	4	1.07%
Washington Plaza Associates	3,400,000	5	0.91%
Bell Atlantic	3,338,688	6	0.90%
Washington Heights LLC	2,000,000	7	0.54%
Individual Taxpayer #1	1,938,900	8	0.52%
Warren Lumber Inc.	1,658,000	9	0.45%
Individual Taxpayer #2	1,600,500	10	0.43%
Total	<u>\$ 33,668,188</u>		<u>9.05%</u>

Taxpayer	2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Pechinery Plastic Packaging	\$ 5,828,000	1	2.06%
Warren Washington Association	5,550,000	2	1.96%
BASF Corporation Tax Dept.	4,602,000	3	1.63%
Washington Plaza Associates	3,213,600	4	1.14%
Individual Taxpayer #1	2,350,300	5	0.83%
Warren Lumber Inc.	1,647,500	6	0.58%
Individual Taxpayer #2	1,620,000	7	0.57%
Washington Heights, LLC	1,600,000	8	0.57%
First Union National Corp. Tax Div.	1,550,900	9	0.55%
Candle Artisans	1,550,000	10	0.55%
Total	<u>\$ 29,512,300</u>		<u>10.42%</u>

Note: Individual taxpayers in 2011 and 2002 may be different.

Note: There was a revaluation of property in 2003.

Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Washington

Taxpayer	2011		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$ 12,817,500	1	1.89%
Washington Shopping Center, Inc.	7,965,900	2	1.17%
Desapio Properties, LLC	3,499,300	3	0.52%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.48%
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%
Village Super Market (Shop Rite)	2,778,200	6	0.41%
Washington Realty LLC	2,221,700	7	0.33%
Individual Taxpayer #1	1,900,000	8	0.28%
I.C. Washington Inc.	1,875,400	9	0.28%
Individual Taxpayer #2	1,862,899	10	0.27%
Total	<u>\$ 41,299,699</u>		<u>6.09%</u>

Taxpayer	2002		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Washington Shopping Center, Inc. (A&P)	\$ 7,563,200	1	1.70%
Asbury Farms (including Golf Course)	6,967,810	2	1.57%
Ames Department Store	4,346,700	3	0.98%
Drugach Realty Co. (Shoprite)	4,258,400	4	0.96%
Levine Properties, LP (Acme)	3,359,300	5	0.76%
I.C. Washington Inc. (Eckerd Drugs)	2,819,900	6	0.63%
Desapio Properties #3, LLC	2,778,200	7	0.62%
Fairway Valley Inc. (c/o Toll Brothers)	2,121,100	8	0.48%
Oakwood Lanes	2,108,600	9	0.47%
Secure Storage Venture II	2,005,100	10	0.45%
Total	<u>\$ 38,328,310</u>		<u>8.62%</u>

Note: There was a revaluation of property in 2003.
Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Franklin

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 2,000,020	\$ 2,000,020	100.00%	\$ -0-
2004	2,216,040	2,216,040	100.00%	-0-
2005	2,365,005	2,365,005	100.00%	-0-
2006	2,616,791	2,616,791	100.00%	-0-
2007	2,729,487	2,729,487	100.00%	-0-
2008	3,071,039	3,071,039	100.00%	-0-
2009	3,130,894	3,130,894	100.00%	-0-
2010	3,378,514	3,378,514	100.00%	-0-
2011	3,686,607	3,686,607	100.00%	-0-
2012	3,746,238	3,746,238	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Mansfield

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	\$ 4,083,623	\$ 4,083,623	100.00%	\$ -0-
2004	4,602,083	4,602,083	100.00%	-0-
2005	4,802,920	4,802,920	100.00%	-0-
2006	5,104,554	5,104,554	100.00%	-0-
2007	5,733,461	5,733,461	100.00%	-0-
2008	5,688,652	5,688,652	100.00%	-0-
2009	5,727,042	5,727,042	100.00%	-0-
2010	6,001,719	6,001,719	100.00%	-0-
2011	5,779,107	5,779,107	100.00%	-0-
2012	5,823,492	5,823,492	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Washington

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2003	\$ 2,886,870	\$ 2,886,870	100.00%	\$ -0-
2004	2,915,889	2,915,889	100.00%	-0-
2005	3,138,151	3,138,151	100.00%	-0-
2006	3,737,817	3,737,817	100.00%	-0-
2007	4,038,864	4,038,864	100.00%	-0-
2008	4,314,983	4,314,983	100.00%	-0-
2009	4,235,935	4,235,935	100.00%	-0-
2010	4,163,247	4,163,247	100.00%	-0-
2011	4,183,500	4,138,500	98.92%	45,000
2012	4,247,430	4,247,430	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Washington

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	\$ 4,648,555	\$ 4,648,555	100.00%	\$ -0-
2004	5,243,413	5,243,413	100.00%	-0-
2005	4,883,425	4,883,425	100.00%	-0-
2006	5,236,633	5,236,633	100.00%	-0-
2007	5,881,212	5,881,212	100.00%	-0-
2008	6,215,735	6,215,735	100.00%	-0-
2009	5,959,919	5,959,919	100.00%	-0-
2010	6,352,129	6,352,129	100.00%	-0-
2011	6,667,948	6,667,948	100.00%	-0-
2012	6,771,594	6,771,594	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases					
2005	\$ 23,775,000	\$ 3,870,000	\$ 165,459	\$ -0-	\$ -0-	\$ 27,810,459	3.13%	\$ 1,115.68
2006	23,625,000	3,175,000	127,359	-0-	-0-	26,927,359	2.91%	1,076.53
2007	23,475,000	2,310,000	87,175	-0-	-0-	25,872,175	2.62%	1,036.55
2008	23,275,000	1,420,000	44,793	-0-	-0-	24,739,793	2.38%	997.09
2009	28,469,000	505,000	-0-	-0-	-0-	28,974,000	2.66%	1,167.46
2010	27,959,000	-0-	-0-	-0-	-0-	27,959,000	2.62%	1,130.57
2011	27,054,000	-0-	-0-	-0-	-0-	27,054,000	2.55%	1,126.83
2012	23,759,000	-0-	194,250	-0-	-0-	23,953,250	2.27%	1,000.80

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

- a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

Exhibit J-11

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2005	\$ 23,775,000	\$ -0-	\$ 23,775,000	2.36%	\$ 953.79
2006	23,625,000	-0-	23,625,000	2.31%	944.51
2007	23,475,000	-0-	23,475,000	2.26%	940.50
2008	23,275,000	-0-	23,275,000	2.21%	938.05
2009	28,469,000	-0-	28,469,000	2.67%	1,147.11
2010	27,959,000	-0-	27,959,000	2.62%	1,130.57
2011	27,054,000	-0-	27,054,000	2.55%	1,126.83
2012	23,759,000	-0-	23,759,000	2.24%	992.69

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population for the prior calendar year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Franklin	\$ 3,133,858	100.00%	\$ 3,133,858
Township of Mansfield	2,931,572	100.00%	2,931,572
Borough of Washington	9,583,066	100.00%	9,583,066
Township of Washington	11,577,607	100.00%	11,577,607
Warren County General Obligation Debt (Franklin Township Share)	8,760,000	3.30%	289,242
Warren County General Obligation Debt (Mansfield Township Share)	8,760,000	6.22%	544,668
Warren County General Obligation Debt (Washington Borough Share)	8,760,000	4.28%	375,295
Warren County General Obligation Debt (Washington Township Share)	8,760,000	6.46%	565,882
Subtotal, Overlapping Debt			29,001,190
Warren Hills Regional School District Direct Debt			23,953,250
Total Direct And Overlapping Debt			<u>\$ 52,954,440</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Franklin, Mansfield, Washington Borough and Washington Township. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Warren County Board of Taxation; debt outstanding data provided by each governmental unit.

WARREN HILLS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012					
	Franklin Township	Mansfield Township	Washington Borough	Washington Township	Total
Equalized valuation basis:					
2009	\$ 467,080,340	\$ 903,283,393	\$ 580,740,357	\$ 901,358,782	\$ 2,852,462,872
2010	442,286,349	834,946,275	573,904,473	860,925,712	2,712,062,809
2011	420,904,443	764,409,760	515,823,777	820,815,079	2,521,953,059
	\$ 1,330,271,132	\$ 2,502,639,428	\$ 1,670,468,607	\$ 2,583,099,573	\$ 8,086,478,740
Average Equalized Valuation of Taxable Property					\$ 2,695,492,913
Debt Limit (3.5% of average equalization value ^a)					\$ 94,342,252
Net Bonded School Debt as of June 30, 2012					23,759,000
Legal Debt Margin					\$ 70,583,252

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 58,480,008	\$ 66,858,788	\$ 76,212,606	\$ 87,427,018	\$ 98,020,864	\$ 80,668,386	\$ 99,875,305	\$ 101,359,179	\$ 99,317,452	\$ 94,342,252
Total Net Debt Applicable to Limit	-0-	-0-	23,775,000	23,625,000	23,475,000	23,275,000	28,469,000	27,959,000	27,054,000	23,759,000
Legal Debt Margin	\$ 58,480,008	\$ 66,858,788	\$ 52,437,606	\$ 63,802,018	\$ 74,545,864	\$ 57,393,386	\$ 71,406,305	\$ 73,400,179	\$ 72,263,452	\$ 70,583,252
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	0.00%	0.00%	31.20%	27.02%	23.95%	28.85%	28.50%	27.58%	27.24%	25.18%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Franklin

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2003	3,156	\$ 34,554	\$ 109,052,424	7.00%
2004	3,162	35,611	112,601,982	5.20%
2005	3,156	36,943	116,592,108	2.90%
2006	3,149	39,492	124,360,308	3.10%
2007	3,135	41,864	131,243,640	2.90%
2008	3,128	43,827	137,090,856	3.90%
2009	3,120	43,071	134,381,520	6.90%
2010	3,175	44,183	140,281,025	7.20%
2011	3,164	44,183 **	139,795,012	6.60%
2012	3,164 *	44,183 **	139,795,012 ***	N/A

* - Latest population data available (2011) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2010) was used for calculation purposes.

*** - Latest available population data (2011) and latest available Warren County per capita personal income (2010) was used for calculation purposes.

N/A - Information Unavailable

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Mansfield

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2003	8,236	\$ 34,554	\$ 284,586,744	6.00%
2004	8,226	35,611	292,936,086	4.40%
2005	8,185	36,943	302,378,455	3.90%
2006	8,168	39,492	322,570,656	4.20%
2007	8,124	41,864	340,103,136	3.90%
2008	8,120	43,827	355,875,240	5.20%
2009	8,089	43,071	348,401,319	9.20%
2010	7,724	44,183	341,269,492	9.50%
2011	7,701	44,183 **	340,253,283	8.80%
2012	7,701 *	44,183 **	340,253,283 ***	N/A

* - Latest population data available (2011) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2010) was used for calculation purposes.

*** - Latest available population data (2011) and latest available Warren County per capita personal income (2010) was used for calculation purposes.

N/A - Information Unavailable

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2003	6,774	\$ 34,554	\$ 234,068,796	5.60%
2004	6,810	35,611	242,510,910	4.20%
2005	6,805	36,943	251,397,115	3.50%
2006	6,757	39,492	266,847,444	3.80%
2007	6,702	41,864	280,572,528	3.50%
2008	6,705	43,827	293,860,035	4.70%
2009	6,678	43,071	287,628,138	8.30%
2010	6,460	44,183	285,422,180	8.60%
2011	6,440	44,183 **	284,538,520	7.90%
2012	6,440 *	44,183 **	284,538,520 ***	N/A

* - Latest population data available (2011) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2010) was used for calculation purposes.

*** - Latest available population data (2011) and latest available Warren County per capita personal income (2010) was used for calculation purposes.

N/A - Information Unavailable

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2003	6,562	\$ 34,554	\$ 226,743,348	3.90%
2004	6,729	35,611	239,626,419	2.90%
2005	6,867	36,943	253,687,581	4.60%
2006	6,886	39,492	271,941,912	5.20%
2007	6,851	41,864	286,810,264	2.60%
2008	6,865	43,827	300,872,355	6.40%
2009	6,843	43,071	294,734,853	11.30%
2010	6,650	44,183	293,816,950	11.60%
2011	6,629	44,183 **	292,889,107	10.80%
2012	6,629 *	44,183 **	292,889,107 ***	N/A

* - Latest population data available (2011) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2010) was used for calculation purposes.

*** - Latest available population data (2011) and latest available Warren County per capita personal income (2010) was used for calculation purposes.

N/A - Information Unavailable

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	Employees	2011 Rank	Percentage of Total Employment
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Information is not available

Employer	Employees	2002 Rank (Optional)	Percentage of Total Employment
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Information is not available

N/A - Information is not available

Source: New Jersey Department of Labor

WARREN HILLS REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction								
Regular	135.0	135.0	131.0	134.0	135.0	130.0	130.0	130.0
Special Education	20.0	22.0	21.0	21.0	20.0	20.0	20.0	20.0
Other Special Education	4.5	4.5	4.5	4.5	4.0	3.0	3.0	3.0
Other Instruction	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Support Services:								
Student and Instruction Related Services	41.0	41.0	40.0	40.0	38.0	33.0	33.0	33.0
School Administrative Services	18.0	18.0	18.0	17.0	16.0	15.0	14.0	15.0
General and Business Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	29.0	29.0	29.0	29.0	30.0	29.0	29.0	29.0
Other Support Services	5.6	5.6	5.6	5.6	5.0	5.0	5.0	5.0
Total	<u>263.1</u>	<u>265.1</u>	<u>259.1</u>	<u>261.1</u>	<u>258.0</u>	<u>244.0</u>	<u>243.0</u>	<u>244.0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

WARREN HILLS REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS,
LAST EIGHT FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
2005	2,084	\$ 27,915,395	\$ 13,395.10	7.75%	201	1:10	1:11	2,084	1,982	-1.02%	95.10%
2006	2,109	29,150,380	13,821.90	3.19%	202	1:10	1:11	2,109	2,041	1.20%	96.78%
2007	2,137	31,726,208	14,846.14	7.41%	200	1:10	1:11	2,137	1,994	1.30%	93.33%
2008	2,020	33,077,793	16,375.15	10.30%	200	1:10	1:11	2,020	1,971	-5.45%	97.57%
2009	2,009	32,834,652	16,343.78	-0.19%	200	1:10	1:11	2,009	1,886	-0.54%	93.88%
2010	1,955	33,186,350	16,975.12	3.86%	195	1:10	1:11	1,955	1,835	-2.69%	93.86%
2011	1,907	31,077,256	16,296.41	-4.00%	195	1:10	1:11	1,907	1,865	-2.46%	97.80%
2012	1,940	31,199,483	16,082.21	-1.31%	195	1:10	1:11	1,940	1,782	1.73%	91.86%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST EIGHT FISCAL YEARS

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>								
Middle School (1931); Additions in 1956/1967/2007								
Square Feet	84,729	84,729	92,129	92,129	92,129	92,129	92,129	92,129
Capacity (students)	650	650	750	750	750	750	750	750
Enrollment	777	711	695	682	643	604	660	661
High School (1967); Additions in 1989/2008								
Square Feet	195,137	195,137	195,137	195,137	227,910	227,910	227,910	227,910
Capacity (students)	1,209	1,209	1,209	1,209	1,591	1,591	1,591	1,591
Enrollment	1,375	1,402	1,431	1,402	1,394	1,343	1,247	1,279
Board Office/Project Excel (Unknown)								
Square Feet	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954
Capacity (students)	98	98	98	98	98	98	98	98
* Enrollment	50	90	203	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2012
 Elementary = 0
 Middle School = 1
 High School = 1
 Other = 1

* - These are high school students included in enrollment count for high school noted above

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.
 Enrollment is based on the annual October district count.

Source: Warren Hills Regional School District records

Exhibit J-19

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required
 Maintenance For School Facilities
 11-000-261-xxx

Fiscal Year Ended June 30,	High School	Middle School	Board Office/ Project Excel	Total
2003	\$ 340,085	\$ 146,498	\$ 36,625	\$ 523,208
2004	231,566	135,431	187,205	554,202
2005	200,094	295,109	155,839	651,042
2006	273,847	168,300	154,431	596,578
2007	340,987	188,448	112,600	642,035
2008	464,898	199,883	90,521	755,302
2009	456,488	250,286	62,296	769,070
2010	275,077	116,966	85,500	477,543
2011	182,418	77,582	51,138	311,138
2012	227,310	125,120	78,728	431,158

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2012

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000 Fund Aggregate	\$ 1,000
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits:		
Per Occurrence	5,000,000	
General Aggregate	50,000,000 Fund Aggregate	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	10,000	
Automobile Coverage		
Environmental Impairment Liability	1,000,000 / 25,000,000 Fund Aggregate	5,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000 / 5,000,000	5,000
Excess School Board Legal Liability	5,000,000 / 5,000,000	
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Public Officials' Bonds - Selective Insurance Company of America:		
Treasurer of School Monies	250,000	None
Business Administrator/Board Secretary	250,000	None

Source: Warren Hills Regional School District records

SINGLE AUDIT



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Independent Auditors' Report on Internal Control over Financial Reporting and
 on Compliance and Other Matters Based on an Audit of Financial Statements
 Performed in Accordance with *Government Auditing Standards*

The Honorable President and Members
 of the Board of Education
 Warren Hills Regional School District
 County of Warren, New Jersey

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District, in the County of Warren (the "Board") as of, and for the fiscal year ended, June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
Page 2

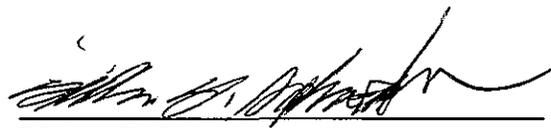
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in a separate report, the *Auditors' Management Report on Administrative Findings – Financial, Compliance, and Performance*, dated October 15, 2012.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

October 15, 2012
Mount Arlington, NJ

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
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Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04

The Honorable President and Members
 of the Board of Education
 Warren Hills Regional School District
 County of Warren, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Warren Hills Regional School District in the County of Warren (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance with those requirements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material on each of its major federal and state programs for the fiscal year ended June 30, 2012.

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
Page 2

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 15, 2012
Mount Arlington, NJ

NISIVOCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expendi- tures	Balance at June 30, 2012	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue			Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Agriculture:										
Passed-through State Department of Education:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/11-6/30/12	\$ 13,828			\$ 13,828	\$ (11,541)		\$ 2,287
Food Distribution Program	10.555	N/A	7/1/10-6/30/11	14,065		\$ 1,797		(1,797)		
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	98,603			95,122	(98,603)	\$ (3,481)	
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	92,846	\$ (3,288)		3,288			
Total Child Nutrition Cluster					(3,288)	1,797	112,238	(111,941)	(3,481)	2,287
Total U.S. Department of Agriculture					(3,288)	1,797	112,238	(111,941)	(3,481)	2,287
U.S. Department of Education:										
Passed-through State Department of Education:										
<u>General Fund:</u>										
Education Jobs Fund	84.410	N/A	8/1/10-9/30/12	378,302			378,302	(378,302)		
Total General Fund							378,302	(378,302)		
<u>Special Revenue Fund:</u>										
No Child Left Behind:										
Title I	84.010A	NCLB546512	9/1/11-8/31/12	160,043			67,381	(136,965)	(69,584)	
Title I	84.010A	NCLB546511	9/1/10-8/31/11	159,430	(129,045)		150,576	(21,531)		
Title I	84.010A	NCLB546510	9/1/09-8/31/10	129,057	(55,081)		55,081			
Title I - School Improvement	84.010A	NCLB546510	9/1/09-8/31/10	89,674	(89,674)		89,674			
ARRA - Title I	84.389	NCLB536011	7/1/09-8/31/11	92,853	(31,613)		39,656	(10,443)	(2,400)	
Subtotal - Title I					(305,413)		402,368	(168,939)	(71,984)	
Title IIA	84.367	NCLB546512	9/1/11-8/31/12	45,166				(32,914)	(32,914)	
Title IIA	84.367	NCLB546511	9/1/10-8/31/11	51,711	(51,711)		51,711			
Title IIA	84.367	NCLB546510	9/1/09-8/31/10	50,473	(20,908)		20,908			
Subtotal - Title IIA					(72,619)		72,619	(32,914)	(32,914)	
Title IID	84.318	NCLB546511	9/1/10-8/31/11	325	(325)		325			
Title IV	84.186B	NCLB546510	9/1/09-8/31/10	4,284	(4,284)		4,284			

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011			Budgetary Expendi- tures	Balance at June 30, 2012	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Cash Received		Budgetary Accounts Receivable	Budgetary Deferred Revenue
<u>U.S. Department of Education:</u>										
Passed-through State Department of Education:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027A	IDEA546512	9/1/11-8/31/12	\$ 406,965			\$ 376,958	\$ (403,274)	\$ (26,316)	
I.D.E.A. Part B, Basic	84.027A	IDEA546511	9/1/10-8/31/11	395,390	\$ (385,342)		393,342	(8,000)		
ARRA - I.D.E.A. Part B, Basic	84.391	ARRA536011	7/1/09-8/31/11	425,365	(149,252)		222,951	(73,699)		
Total Special Education Cluster					(534,594)		993,251	(484,973)	(26,316)	
Carl D. Perkins - Secondary	84.048	PERK359012	7/1/11-6/30/12	15,000			8,312	(13,222)	(4,910)	
Carl D. Perkins - Secondary	84.048	PERK359011	7/1/10-6/30/11	22,814	(22,776)		22,776			
Total Carl D. Perkins - Secondary					(22,776)		31,088	(13,222)	(4,910)	
Total U.S. Department of Education					(940,011)		1,882,237	(1,078,350)	(136,124)	
Total Federal Awards					\$ (943,299)	\$ 1,797	\$ 1,994,475	\$(1,190,291)	\$ (139,605)	\$ 2,287

N/A - Not Applicable

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Budgetary Due to Grantor		
State Department of Education:												
General Fund State Aid:												
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 9,120,087			\$ 8,226,654	\$ (9,120,087)			\$ (893,433)	\$ 9,120,087	
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	959,556			865,555	(959,556)			(94,001)	959,556	
Extraordinary Special Education Costs Aid Reimbursement of Nonpublic School	12-100-034-5120-473	7/1/11-6/30/12	375,294				(375,294)		\$ (375,294)	(375,294)	375,294	
Transportation Costs	12-495-034-5120-014	7/1/11-6/30/12	6,679				(6,679)		(6,679)	(6,679)	6,679	
Reimbursed TPAF Social Security	12-495-034-5095-002	7/1/11-6/30/12	944,244			944,244	(944,244)				944,244	
Anti-Bullying Bill of Rights	N/A	7/1/11-6/30/12	1,840			1,840	(1,840)				1,840	
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	8,459,715	\$ (804,932)		804,932					8,459,715	
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	959,556	(91,301)		91,301					959,556	
Extraordinary Special Education Costs Aid Reimbursement of Nonpublic School	11-100-034-5120-473	7/1/10-6/30/11	645,096	(645,096)		645,096					645,096	
Transportation Costs	10-495-034-5120-014	7/1/09-6/30/10	10,959	(10,959)		10,959					10,959	
Reimbursed TPAF Social Security	11-495-034-5095-002	7/1/10-6/30/11	929,270	(46,006)		46,006					929,270	
TPAF Wage Freeze	11-495-034-5095-002	7/1/10-6/30/11	18,832	(9,416)		9,416					18,832	
Subtotal - General Fund				(1,607,710)		11,646,003	(11,407,700)		(381,973)	(1,369,407)	22,431,128	
Debt Service Fund Aid:												
Debt Service Aid - State Support	12-100-034-5120-125	7/1/11-6/30/12	16,945			16,945	(16,945)				16,945	
Special Revenue Fund Aid:												
N.J. Nonpublic Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	978			978	(978)				978	
N.J. Nonpublic Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	1,396			1,396	(1,396)				1,396	
Nonpublic Auxiliary Services:												
Compensatory Education	12-100-034-5120-067	7/1/11-6/30/12	8,115			8,115	(7,439)			\$ 676	7,439	
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	10,047		\$ 6,949			\$ (6,949)			3,098	
Nonpublic Handicapped Services:												
Supplementary Instruction	12-100-034-5120-066	7/1/11-6/30/12	4,210			4,210	(2,806)			1,404	2,806	
Supplementary Instruction	11-100-034-5120-066	7/1/10-6/30/11	2,084		833			(833)			1,251	
Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	2,739			2,739	(2,417)			322	2,417	
Examination and Classification	11-100-034-5120-066	7/1/10-6/30/11	3,190		2,551			(2,551)			639	
Subtotal - Special Revenue Fund					10,333	17,438	(15,036)	(10,333)		2,402	25,752	
State Department of Education:												
Food Service Fund:												
State School Lunch Program	12-100-010-3350-023	7/1/11-6/30/12	4,285			4,133	(4,285)		(152)	(152)	4,285	
State School Lunch Program	11-100-010-3350-023	7/1/10-6/30/11	4,037	(160)		160					4,037	
Subtotal - Food Service Fund				(160)		4,293	(4,285)		(152)	(152)	8,322	
Total NJ Department of Education				(1,607,870)	10,333	11,684,679	(11,443,966)	(10,333)	(382,125)	2,402	22,482,147	

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Budgetary Due to Grantor		
<u>NJ School Development Authority:</u>												
Educational Facilities Construction and Financing Act:												
Project	5465-050-10-2001	N/A	\$ 176,648	\$ (176,648)		\$ 72,258			\$ (18,065)		\$ (104,390)	\$ 176,648
Total Educational Facilities Construction and Financing Act				(176,648)		72,258			(18,065)		(104,390)	13,371,918
Total State Awards				\$ (1,784,518)	\$ 10,333	\$11,756,937	\$ (11,443,966)	\$ (10,333)	\$ (400,190)	\$ 2,402	\$ (1,473,949)	\$35,854,065

N/A - Not Available

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue funds to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Educational Facilities Construction and Financing Act grants which are realized as revenue upon their award, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$91,201) for the General Fund, \$135,042 for the Special Revenue Fund (which includes \$500 of prior year local grant encumbrances) and \$90,323 for the Capital Projects Fund. See Exhibits C-3 and F-1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Contribution revenue of \$438,709 or the \$881,920 of on-behalf TPAF Post Retirement Contributions. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 378,302	\$ 12,637,128	\$ 13,015,430
Special Revenue Fund	832,975	16,651	849,626
Capital Projects Fund		90,323	90,323
Debt Service Fund		16,945	16,945
Food Service Fund	111,941	4,285	116,226
Total Awards	<u>\$ 1,323,218</u>	<u>\$ 12,765,332</u>	<u>\$ 14,088,550</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2012.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has four active grants in the amount of \$13,371,918 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2012, \$13,285,593 of the grant funds have been expended and drawn down on a GAAP basis on these three grants. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and is realizing the grant revenue on a GAAP basis as it is expended and submitted for reimbursement.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>General Fund State Fund:</u>				
<u>State:</u>				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 9,120,087	\$ 9,120,087
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	959,556	959,556
Extraordinary Special Education Costs Aid	12-100-034-5120-473	7/1/11-6/30/12	375,294	375,294
<u>Federal:</u>				
Education Jobs Fund	84.410	8/1/10-9/30/12	378,302	378,302

- The threshold for distinguishing federal Type A and Type B programs was \$300,000. The threshold for distinguishing state Type A and B programs was \$343,319.
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the Federal Circular.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey OMB's Circular 04-04.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.